



Governing Europe?

Jacques Delors on the foundation stones of the future political entity

'Events are pressing, history is gathering momentum, many scenarios or preconceptions about the future of our continent are being put to the test. In times like these, it is good to consider issues calmly, with the detachment that comes from concern for method and reasoned argument . . .

We can go on to consider the question of governing Europe in the full sense of the term: what organization of powers, at European level, could usefully contribute to the attainment of our common objective . . . ?

The objective is political. It is European Union as defined by the founding fathers of the Community and solemnly reaffirmed in the preamble to the Single Act. And, in a sense, by designating a frontier-free economic and social area as the ultimate goal in 1992, the Single Act has laid one of the foundation stones of the future political entity . . .

I would highlight five critical conditions which must be met if the Community is to be usefully governed:

- first, there is a need to come to grips — fully but without overstepping the mark — with the necessity of responding successfully to internal and external challenges; hence the need for continual adaptation, strikingly illustrated by developments in Eastern Europe;
- second, the additional activities arising from the answer to this question must be clearly identified . . . Take for instance the common research policy adopted by Heads of State or Government in the context of the Single Act. This policy was perceived by the Member States as complementing national measures and speeding up the modernization process in industries facing cut-throat competition;
- third, diversity must be respected. This does not mean passive acceptance of differences, but rather active recognition of the variety of customs, traditions and organizational systems to be found in the countries and regions forming the Community's interactive network . . . Exploitation of the scope for positive differentiation offered by the Single Act has made it possible to speed up the liberalization and harmonization process over the past three years, without abandoning any of the major objectives of the White Paper on the single market . . .
- Similarly . . . the principle of subsidiarity must regulate the breakdown of responsibilities between the various levels of authority — Community, national and regional . . .
- Finally, any new treaty would have to represent progress towards improved decision-making. It would also have to deal with what has become known as the Community's "democratic deficit". Requirements will be even stricter when it comes to implementing economic and monetary union. We must lose no time in involving national parliaments more closely in the process of European integration . . .

Progress towards European Union would not be completely out of the question in a Community far larger than the one we are familiar with today. But it would be more difficult and certainly far slower . . .

A significant enlargement of the Community would make it more imperative than ever to devise an effective decision-making process, the price being a hierarchy of competences and transfers of sovereignty. It would also be necessary, in the interests of preserving the Community spirit, to invent novel forms of democratic control. Failure to do this could mean the end of the ideal defined by the founding fathers and a return to a classic intergovernmental organization.

It is not too soon to give serious thought to these matters. Perhaps we would be wise to do so before we embark on hazardous forecasts about the future of a greater Europe'.

Decisions

■ 10 million fewer forms a year

From 1 July 1990 British lorry drivers headed for the Netherlands, for example, will no longer have to stop at the Belgian frontier in order to fill in the transit advice note. The EC Council of Ministers agreed on 23 November to do away with this form, which all hauliers must fill in when crossing a Community country. It has been estimated that some 10 million such forms are filled in each year throughout the 12-nation Community. The elimination of the transit advice note, already approved by the European Parliament, is one of a series of measures aimed at making border crossings easier, pending the elimination of all checks. The Council approved the new measure with exceptional speed, having received the European Commission's proposal only in July 1989.

■ Community standards for cigarettes

By 31 December 1992 at the very latest, every cigarette sold within the European Community — except Greece — will have a maximum tar yield of 15 mg, the level recommended by the World Health Organization (WHO). The maximum yield by 31 December 1997 will be 12 mg per cigarette, except in Greece. These levels, adopted by the EC Council of Ministers on 13 November, are set out in a forthcoming Community directive aimed at both ensuring the free movement of cigarettes within the single market and protecting the health of Europeans. The directive will be formally adopted by the Council after its final examination by the European Parliament. The Community's Health Ministers also adopted a directive for the Community-wide labelling of tobacco products — cigarettes, cigars and pipe tobacco. From 1 January 1992 packets will have to carry the following warning: 'Tobacco seriously damages health', together with a second warning chosen from a list of 14 of them, including 'Smoking kills' and 'Smokers die younger'. All warnings will have to be 'in clearly legible print'.

■ Greater safety at work

31 December 1992 will be a milestone on the road to greater safety at work, for that is the date on which the first European health and safety standards for workers come into force. These standards were definitively adopted by the EC Council of Ministers on 30 November. This 'European legislation', stipulates that all new places of work — factories, offices, shops — will have to meet these new standards. A complementary 'law' makes similar stipulations as regards the machinery and other equipment used by workers. Owners of workplaces already in use on 31 December 1992 will have three years (four in Portugal) in which to meet the new standards. This is also the case as regards equipment already in use, with managers being allowed four years. A third piece of 'European legislation' regulates the use of individual protective equipment. These three 'laws' are part of five European directives aimed at ensuring workers a reasonable level of protection in the single European market. The two remaining pieces of legislation deal with the handling of heavy loads and the use of visual display terminals. They have already been adopted by the Council of Ministers, but their definitive adoption must await their examination by the European Parliament.

The Council also adopted on 30 November a draft directive aimed at reducing the use of cancer-producing substances at the workplace; Euro-MPs must look at the text again before its final adoption by the Council.

■ Green light for carriers

From 1 July 1990 a British carrier, for example, will be able to pick up freight in the French city of Lyons for delivery in Lille, in northern France. This facility, known as 'cabotage', will be available, within certain limits, during a transitional period ending on 31 December 1992, to all carriers established in a European Community country and licensed to transport goods between countries. A decision to this effect was taken by the EC's Transport Ministers on 5 December. It provides for the issue of some 15 000 authorizations, valid for two months during the first year. Their number is to be increased annually, as demand rises, with a 10 % minimum growth rate. The Ministers undertook to adopt a permanent arrangement before 1 July 1992.

■ Cross-border car and motorcycle insurance

In the single European market motorists and motorcyclists will enjoy more comprehensive insurance cover for civil liability, thanks to a decision of the EC Council of Ministers of 24 November harmonizing upwards certain national laws. To begin with all who are properly insured will receive a green card, which implies they have civil liability cover throughout the 12-nation Community. This, it should be added, is not yet the case throughout the Community. What is more, all the passengers in a vehicle will be covered. In addition, victims of an accident in which those responsible are insured in different Community countries will have the right to avail themselves of the policy offering the more generous terms. Finally, the victims of an accident caused by someone who either has no insurance or cannot be identified will no longer have to prove, as is the case at present, that the latter either cannot or will not compensate them.

■ Training for drivers at risk

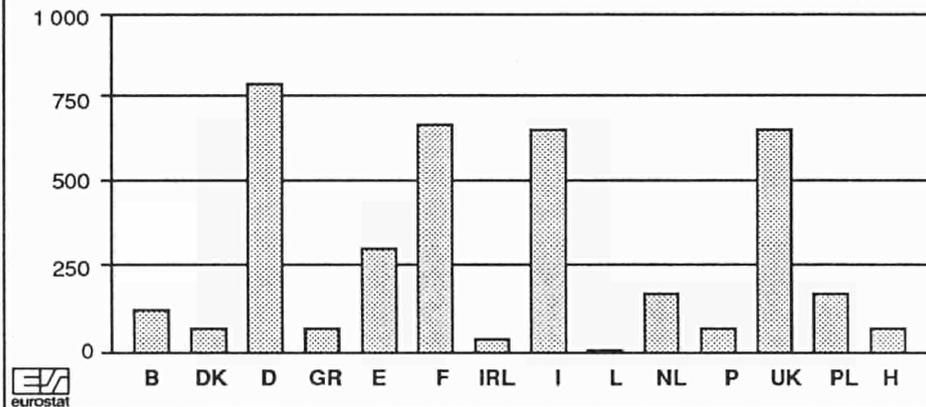
From 1 July 1992 drivers of road tankers and trucks carrying dangerous or explosive substances will need to undergo vocational training, the nature of which is spelled out in a Community directive, or 'law' adopted by the EC Council of Ministers on 5 December. The text also provides for harmonized vocational training by 1 January 1995 as regards other cases of transport of dangerous goods. The directive requires the mutual acceptance by the Twelve of training certificates issued by them.

■ **Radio paging devices go European.** The EC Council of Ministers reached an agreement in principle on 7 November on the introduction of a Community-wide radio paging system. It provides for the designation of specific wavebands by 31 December 1992 and the coordination of operations between the Community's telecommunications administrations. Today's paging systems can not only contact you when you are away from your office but also transmit messages.

■ **National legislation banning shops from opening on Sunday** does not contravene the principle of the free movement of goods, enshrined in the Treaty of Rome, the Community's 'Constitution', provided it does not dramatically restrict trade between Community countries. With its ruling, the EC Court of Justice has in fact upheld Britain's 1950 Shops Act, which the country's retailers had challenged.

GDP, in 1985 PPS (thousand million)

Source: UN Statistical Commission,
'Report on the European Comparison Programme', 1988



GDP in the Community countries, Poland and Hungary

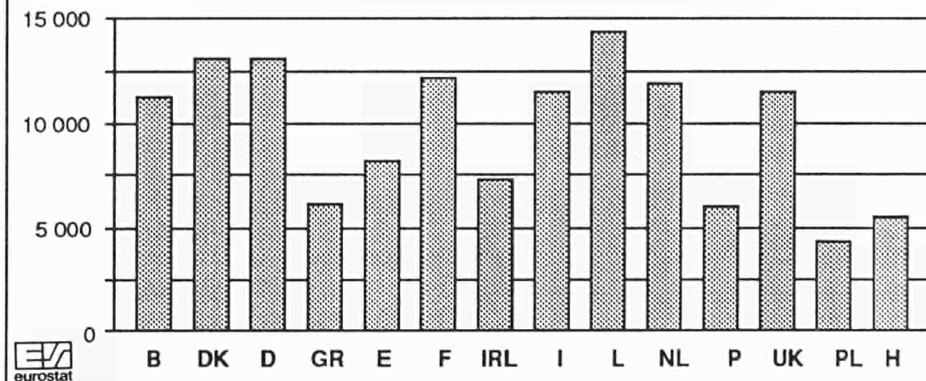
Poland is the country which devotes the smallest proportion of GDP to private consumption, whereas investment is given priority. Hungary's investment rate is almost equivalent to Italy's.

Portugal has the largest collective consumption rate.

Use of GDP	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	PL	H
Total (thousand million ECU)	111.7	64.4	788.1	62.1	310.9	669.6	25.3	676.6	5.2	173.0	57.0	655.3	159.5	58.0
Household consumption (% of GDP)	73.1	69.1	67.8	75.2	72.3	70.9	65.6	71.1	64.0	66.5	69.1	71.6	59.5	66.0
Collective consumption (% of GDP)	7.9	6.4	6.8	14.4	9.3	8.9	8.9	7.7	6.1	9.5	16.5	11.3	11.5	11.6
Investment (GFCF)	17.4	20.7	21.4	17.4	16.7	20.2	22.5	20.3	22.5	18.4	15.8	16.0	23.8	20.1

Per capita GDP, in 1985 PPS

Source: UN Statistical Commission,
'Report on the European Comparison Programme', 1988

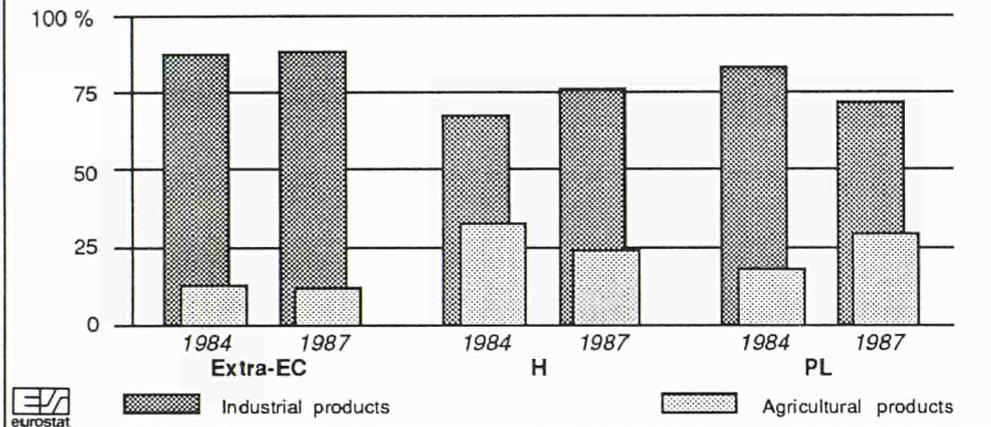


Comparison of living standards in the EC, Poland and Hungary

Living standards differ greatly for these three economic areas, varying by a factor of 2.4 within the Community and by a factor of 3.3 between Luxembourg and Poland.

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	PL	H
Population (million)	9.9	5.1	61.0	10.0	38.6	55.2	3.5	57.1	0.4	14.5	9.6	56.6	37.2	10.6
Area (1 000 km ²)	30.5	43.1	248.6	131.9	504.8	547.0	70.3	301.2	2.6	40.8	99.1	244.0	312.7	93.0
Per capita GDP (in PPS)	11 326	12 985	12 915	6 220	8 055	12 135	7 154	11 491	14 239	11 946	5 910	11 574	4 287	5 455

Breakdown of Community exports (%)



The Community as a supplier

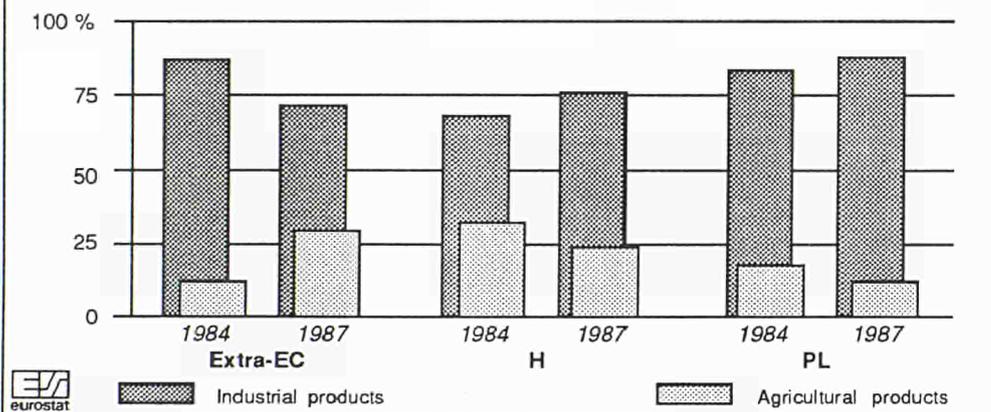
Community agricultural exports to Poland have risen substantially, whereas Hungary has stepped up its imports of industrial goods.

The proportion of agricultural products in these two countries' imports from the Community is markedly higher than in imports from non-Community countries.

The decrease in extra-Community exports is due to the increase in intra-Community trade.

Exports (value)	Intra-EC		Extra-EC		PL		H	
	1984	1987	1984	1987	1984	1987	1984	1987
Total (thousand million ECU)	404.30	487.10	368.30	339.50	2.43	2.33	2.21	2.37

Breakdown of Community imports (%)



The Community as a customer

Community imports from Poland have gone down by 16%. Those from Hungary have risen slightly. Hungary's per capita exports are markedly higher than Poland's.

The increase in intra-Community trade has led to a decrease in Community trade with the rest of the world.

Imports (value)	Intra-EC		Extra-EC		PL		H	
	1984	1987	1984	1987	1984	1987	1984	1987
Total (thousand million ECU)	397.80	487.60	410.30	340.50	3.46	2.91	1.88	2.00

PPS (purchasing power standard): since exchange rates do not necessarily reflect the purchasing power of a currency on national territory, Eurostat uses the PPS to eliminate general price differences among countries in order to improve the comparability of figures

Initiatives

● An open market for cars

From 1 January 1993 all the restrictions on the import of cars imposed by certain European Community countries will have to go. They will not be replaced by Community quotas, however. In practice, Britain, France, Italy and Spain will have to stop limiting imports of Japanese cars. This is the position taken by the European Commission on 6 December, on one of the thorniest issues relating to the 1992 single market. The fact is that these countries also limit imports of Japanese cars from other Community countries, something which is incompatible with the idea of a single market. The two EC Commissioners handling this particular file, Frans Andriessen (external relations) and Martin Bangemann (internal market) have announced that the Commission will propose the dismantling of the existing restrictions from 1 January 1991. But it is also proposing negotiations with Japan for a transitional period, beginning 1 January 1993. During this period, whose length would be negotiated with the Japanese, the latter would themselves limit their car exports to the EC. The Community would keep an eye on the level of its imports and negotiate the elimination of this voluntary restraint arrangement in relation to the opening up of the Japanese market to European products. The Commission's stand on this issue has been expected for several months, given that the Community car industry employs some 10 million people, both directly and indirectly.

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BRIEFLY

● Between now and 1992 the European Commission will send to the Member States **45 new proposals, aimed at giving substance to the Community's Social Charter**, which the European 'summit' examined on 7 and 8 December. The Commission submitted on 20 November an action programme offering a preview of these proposals — among them 19 proposals for Community legislation. They deal with equality of treatment, without discrimination on grounds of nationality, of all Europeans, as well as the protection of the most vulnerable workers — the young, pregnant women and part-time workers, for example. In areas in which the Community does not have competence, such as minimum wages or social security, the Commission will confine itself to making recommendations to the Twelve.

● Transport Ministers from five European Community countries — Belgium, France, Germany, the Netherlands and the UK — reached agreement on 21 November on a timetable for the introduction of the high-speed train **TGV Nord**: Paris-Lille in 1993, Paris-Brussels and Lille-the Channel Tunnel in 1995 and the links with Antwerp, Rotterdam, Cologne and Frankfurt for 1998. The next day, on 22 November, the European Commission proposed a three-pronged European railway policy: the creation of a genuine European network with technical compatibility; the development of the TGV for the entire Community, and particularly in its southern regions and, finally, the encouragement of combined road-rail services for merchandise.

● **Setting up a business in the European Community**: Each Community country has its legal categories, procedures, fiscal and social systems and programmes to help budding entrepreneurs. All this is clearly explained in a handbook published in the autumn by France's national agency for the creation of businesses. The handbook, the only one of its kind in the EC, should be available in English by the end of 1989.

Seen from abroad

▶ The single market attracts Eastern Europe

'Poland envisages a place for itself in every European institution . . . You would think there should be a place for countries such as Poland and Hungary within the Community. But it takes two to reach an agreement. Poland, for its part, has the necessary will'. This declaration by Bronislaw Geremek, president of the Solidarity group in the Polish Parliament, was made in Brussels on 6 December. It is a testimony — one of many — to the attraction of the European Community for an Eastern Europe in effervescence. The Hungarian Deputy Prime Minister and Minister for Finance, Peter Medgyessy, had indicated in Tokyo on 17 November that he envisaged the possibility of his country joining the European Community after a period of rapid industrialization, adding: 'The Hungarian economy is not yet competitive with the economies of the EC countries'. That same day the East German authorities asked the European Community for a cooperation agreement, rather than the more limited trade agreement which had been envisaged. The Yugoslavs made it clear they did not wish to be left behind. During the ministerial-level meeting of the EC-Yugoslav Cooperation Council, the country's Federal Secretary for Foreign Affairs, Budimir Loncar, felt the time had come to find new forms of cooperation, so as to allow Yugoslavia to play a bigger part in the process of European integration. To this end he favoured a status similar to that granted the EFTA and Mediterranean countries.

▶ The United States: from politics to trade

'A strong, vigorous European Community is a vital partner for NATO, to preserve West European liberty and democratic values, these same values which are now blowing on Eastern Europe'. Thus the President of the United States, George Bush, in a communiqué issued at the end of his meeting with the President of the European Commission, Jacques Delors, in Brussels on 4 December. But this strongly worded political commitment has not prevented trade conflicts. On that same day, but in Geneva, a representative of the Bush Administration, Andrew Stoller, told GATT that the European Community's 'television without frontiers' directive violated GATT principles and was a 'discriminatory' and 'repugnant' measure. He denounced as a quota on the production and creativity of others a provision of the EC directive which reserves more than 50 % of air time for European film productions as far as possible.

▶ **Norway** will not formally apply for membership of the EC in the next four years but will 'seek, in the absence of membership, to adapt itself and draw as close to the EC as possible', Norway's Prime Minister, Jan P. Syse, declared in Copenhagen on 27 November.

▶ **In Iceland**, the opposition tried to censure the government on 1 December for negotiating the country's **fishery trade with the coming single market** through EFTA rather than directly. The censure motion was rejected. Fishery products account for 50 % of Iceland's export earnings.

▶ During the conference on economic cooperation between the Pacific rim countries, Canada's Internal Trade Minister, John Crosbie, declared: '**We are all paranoid confronted with the Europe of 1992**; it is therefore good to give them something which makes them paranoid also'.

1990: European Year of Tourism

The European Year of Tourism was officially launched by the European Commissioner for Tourism, Antonio Cardoso e Cunha, attended by the 18 Ministers for Tourism of the European Community and EFTA countries, at Strasbourg on 11 December. Proposed by the European Parliament and adopted by the EC Council of Ministers, the European Year of Tourism will be celebrated in 1990. By encouraging cultural exchanges and a better knowledge of Europe's cultural heritage, and opening up people's horizons to include other lifestyles, the European Year of Tourism will play a key role in the creation of a people's Europe, an essential element of the 1992 single market.

The themes that will be used to promote European tourism in Europe and in third countries include staggering holidays and developing new tourist destinations; creating new forms of tourism and alternatives to mass tourism and making it easier for people to move about. But tourism is also an important source, and in some regions a growing one, of jobs and greater prosperity. The European Year of Tourism will enable the European Commission to gather accurate information on this extremely important sector of the economy, accounting for some 5% of the annual income and employment in some Community countries.

The budget for the European Year of Tourism has been fixed at ECU 5 million. Most of the money will be used to support financially projects submitted by public or professional bodies and from the private sector.

National committees have been set up in each of the countries taking part, including the six EFTA countries. They will make a prior selection among the various national projects; 'pan-European' projects will be selected directly by the European Commission.

The European Committee running the European Year of Tourism has already selected nearly 40 national and 10 'pan-European' projects. The Year was launched in Strasbourg and will be formally inaugurated in Dublin on 30 January 1990, in the presence of a large audience of professionals and media representatives.

Mexico links up with BC-Net . . .

The Business Cooperation Network, or BC-Net, is a computerized European network set up by the European Commission in order to make it easier for small and medium-sized enterprises (SMEs) in particular to find partners in other EC countries. It has been in operation since July 1988.

Mexican companies can link up with BC-Net since the end of November 1989, through Canacindra, the national Chamber of Commerce for the processing industry. BC-Net's extension to Mexico increases the opportunities for cooperation between European and Mexican enterprises. Although still in its experimental stage, BC-Net is growing steadily. It could be extended to other non-Community, especially EFTA, countries. BC-Net operates in conjunction with some 400 business consultants throughout the EC. An SME which is looking for a

partner at the international level first gets in touch with a consultant who is a member of BC-Net. The latter prepares a 'cooperation profile' of the company in question. This in fact is a standard document which describes the kind of cooperation the SME is seeking (financial, commercial or technical), its line of business and the geographical area in which the firm itself is located and the potential partner must be located.

This profile is forwarded to the BC-Net's nerve centre in the European Commission in Brussels. Each profile is then compared with all those on file. If a suitable partner is found, the business consultants who had provided the two profiles are duly informed. They may decide to get in touch with each other directly, to launch the procedure which, if successful, would result in a business cooperation. If their initial contacts are promising, the companies themselves will be put in touch with each other, to work out the terms of their cooperation.

. . . and looks for joint ventures

During his official visit to Mexico, Commissioner Abel Matutes, who has responsibility for relations with Latin America, signed the EC International Investment Partners framework convention with two of the country's financial institutions — Banamex (Banco Nacional de Mexico) and Nafinsa (Nacional Financiera). This framework convention sets out the rules for the use of a financial instrument aimed at providing financial support for joint ventures between Mexican and EC companies. The conventions signed by Mr Matutes are the first to be concluded with Mexican institutions. Some 25 such conventions have already been signed with European financial institutions and Latin American, Asian and Mediterranean countries since June 1988.

Eliminating tax barriers to cross-border cooperation between companies

In a debate on the single European market, held in Brussels in November, Mrs Christiane Scrivener confirmed that the European Commission intended to submit shortly a paper dealing with all the questions regarding company taxation, together with a number of specific proposals.

The European Commissioner held that it is essential to: (1) eliminate the double taxation of dividends paid by a subsidiary to its parent company established in another Member State and (2) encourage mergers and similar operations through the creation of a common system of taxation of mergers, break-ups, transfers of assets and share exchanges.

In her speech the Commissioner maintained that the time was ripe to allow companies in general, and not merely those established abroad, to claim tax deductions on their losses. A proposal to this end has already been made in the framework of European company law.

Right to vocational training

The European Commission has presented a Community action programme for the development of vocational training for 1990-93. It stipulates that every member of the Community workforce must be able to take advantage of vocational training during his entire working life.

The action programme consists of a common framework of guidelines aimed at promoting the convergence of the activities undertaken by the Member States and a series of transborder measures to be implemented at the Community level.

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