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European elections with a difference

AN IMPORTANT DEADLINE FOR THE 1992 PROJECT

In the third week of June, more than 250 million voters in the 12 countries of the European Community will elect the 518 members of the European Parliament. The MEPs will be elected for five years, from July 1989 to June 1994. They will be involved, therefore, in the final preparations for the single market, set for completion on 31 December 1992. And this is why the forthcoming elections are especially important.

This will be the third general election to the European Parliament. During the first two — in 1979 and 1984 — the election campaigns tended to have a distinctly national flavour, so that it was easy to forget that the elections were European in fact. This time Europe features more prominently in the debates, thanks to the existence of the 1992 project, although national considerations remain to the fore.

The fact is the European Parliament is closely associated with the construction of the single market in at least three different ways:

- The 1992 programme, launched in early 1985 by the European Commission under Jacques Delors, took advantage of the dynamism created by the proposal for European Union adopted by the European Parliament in 1984.
- Since 1 July 1987, when the Single European Act, which reforms the European 'Constitution', came into force, the European Parliament can modify, up to a point, all the European legislation needed to complete the single market. Parliament's role is not all that insignificant, therefore, as MEPs showed in the debate over the 'clean car'. What is more, it will become increasingly important as the EC Council of Ministers, which adopts the Community's laws, tackles such highly political issues as taxation.
- The European Parliament can exercise considerable political influence, over and above its official functions, in such areas as the currency, the right of residence and the elimination of border controls.

The next European Parliament will have not only the powers it enjoys by virtue of the various texts adopted by the Twelve but also those it will, or would like to, give itself. Its weight *vis-à-vis* governments and the civil service will obviously depend on the number of Europeans it could claim to represent. In other words, participation in the forthcoming elections will have a special significance.

However, the results of the polls conducted by mid-May in the countries in which voting is not obligatory, such as France and Germany, are hardly encouraging. Even so, a large number of MEPs are hoping that the new Parliament, like the French States General in 1789, will take its destiny into its own hands and decide to draw up a constitution. Two hundred years ago it was that of France — the first; today it would be that of a European Union.

The new Parliament can be expected to take up this idea, because many of the MEPs who launched it in the first place are likely to be returned. But such a project, even more ambitious than the 1992 project, can become a reality only if it receives widespread popular support. Will this prove to be the case? The ballot box will show. In Italy, a Euro-referendum is being held on this subject, at the same time as the elections to the European Parliament. But in the other EC countries also, it is Europe which is at stake.



Decisions

■ European high-definition television

High-definition television (HDTV) has pictures of a quality found in the most modern cinemas and sound to match that of compact discs. It should be in European living rooms in 1992, using 'made in Europe' technology. To reach this goal the European Community's telecommunications ministers unanimously adopted an action plan, on 27 April in Luxembourg, which also provides for the recognition of the European HDTV standard as the world standard. The Twelve want to coordinate the introduction of HDTV within the Community itself on the basis of a timetable beginning in 1992, and to ensure that European companies produce all the necessary equipment, from chips to television sets, in good time. For the moment, European HDTV is at the prototype stage. The Twelve plan, moreover, to take the steps needed to enable European producers of cinema and television programmes to offer 'high-definition' films rather quickly and in sufficiently large numbers to secure a lead over their rivals on the world market. The ministers also undertook to secure the adoption of the European standard, and the system based on it, by as many countries as possible. But the European system has a Japanese rival. Meanwhile, the International Radio Consultative Committee (CCIR) must select an international standard during the summer of 1990. The Americans have yet to take a firm stand: after initially backing the Japanese standard they have now adopted a wait-and-see attitude.

■ 'European' cigarette packs

'Tobacco seriously damages health' is the general warning that all cigarette packets sold in the European Community will have to display prominently from 1 January 1993. But they will also have to carry a second, more specific, warning, such as 'Smoking causes cancer' or 'Smokers die younger', to be selected from a list containing several such messages. Cigarette packets will also have to specify the tar and nicotine content. These measures, already in force in Ireland, were adopted by the EC's health ministers in the framework of a Community regulation covering other tobacco products as well. This 'European' legislation will ensure that consumers are better informed in all EC countries, where some 500 billion cigarettes are sold each year, and create a single market for tobacco products.

■ Telecommunications get a boost

Less than a year after having set themselves the goal of a computerized European telecommunications network for the end of 1992, the 12 European Community governments decided on 27 April to speed up the project. The future network, known to specialists as the Integrated Services Digital Network (ISDN), will offer a series of compatible services throughout the 12-nation Community, to which users will have access, thanks to a cheap terminal, which can be plugged into the network anywhere in the Community. The services on offer will include databases, videotext and telefax. Work on preparing the necessary standards has advanced more slowly than expected, while coordination between the various national PTTs has left much to be desired. The Twelve have now decided to mobilize their national experts and to bring together the two European standards institutes. They have also asked the PTTs and European Commission to multiply consultations and meetings between those in positions of responsibility.

■ The 'green' exchange rates on the way out

When the European Community's farm ministers adopted the support prices for the 1989/90 agricultural year, they decided to eliminate or reduce a series of monetary compensatory amounts (MCAs). These 'amounts', instituted in 1969, set the specific exchange rates used to translate Community agricultural prices into the national currencies of the Twelve, thus contributing to the fragmentation of the EC market. They must disappear completely in 1992. The effect of the decision of 22 April is to eliminate the differences between the 'green' exchange rates and the regular exchange rates for Denmark and Portugal — as well as for the Netherlands, if cereals are left to one side. In seven other countries (France, Germany, Greece, Ireland, Italy, Spain and the United Kingdom), the MCAs have been eliminated or reduced for certain products.

BRIEFLY

● Ministers representing the 12 EC countries reached agreement on 3 May on security measures for tractors, in the event of their overturning. The measures cover both standard models and narrow-based tractors.

Initiatives

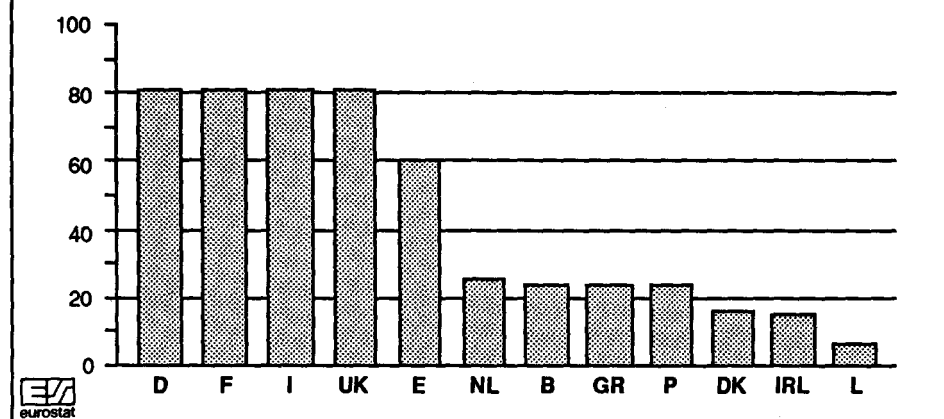
● A new approach to VAT

In order to restart negotiations among the Twelve, the European Commission on 17 May revised its proposals of August 1987, aimed at eliminating the fiscal borders between the European Community's Member States. The Commission is now proposing a transitional period during which each country would adjust its VAT rates and excise duties on alcohol, tobacco and petrol to the recommended rates. The transitional period would begin on 1 January 1990 and end on 31 December 1992 at the latest. At the same time the Twelve would allow their residents to bring into the country, duty-free, goods for a value of, first, ECU 800 and then ECU 1 600, instead of ECU 350 as at present and ECU 390 by 1 July (ECU 1 = UK £ 0.65 or IR £ 0.78). What is more, the Commission is no longer proposing a standard VAT rate between 14 and 20% but a minimum rate, to be agreed on, within the 4 to 9% band. However, certain goods could remain zero-rated. Finally, in the case of excise duties the Commission has accepted the idea of a minimum rate or a band with upper and lower limits.

● Customs officials to go visiting

Some 1 700 customs officials from the 12 European Community countries will spend time next year with their colleagues in another member country. They will be finding out how their fellow officials work, however, rather than checking passports. The entire cost of this pilot project — some ECU 2.5 million — will be borne by the European Commission. The aim of the project, conceived by the Commission, is to make it easier for the customs administrations to adapt to the demands of the single market, when all checks will be carried out at the Community's external borders. If the pilot project proves a success, the Commission will propose a more ambitious programme to the Twelve.

Number of Members of the European Parliament by Member State



Distribution of Members of the EP by country

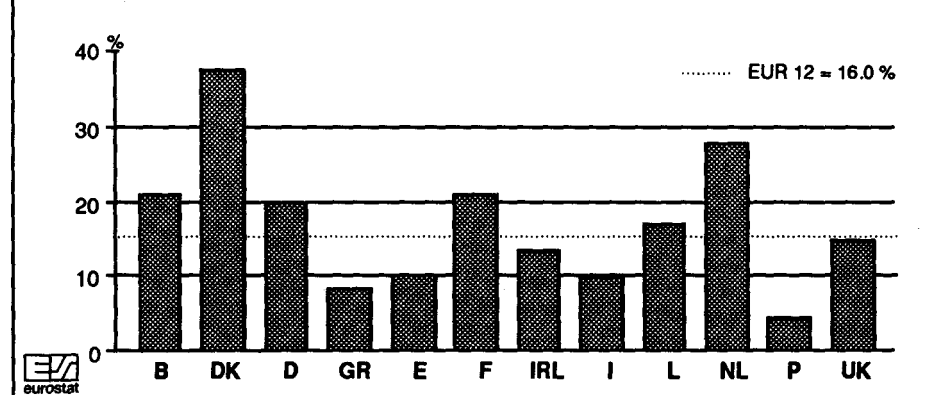
The number of seats per country was allocated on the basis of the number of inhabitants, with certain minimum thresholds to guarantee representation for the Community countries with the smallest populations.

The advantage of this method of distribution is that, although at first sight it may appear unequal, it is acceptable to all the Member States and is seen to be fair.

Number of Members of the European Parliament by Member State

| Total | B | DK | D | GR | E | F | IRL | I | L | NL | P | UK |
|-------|----|----|----|----|----|----|-----|----|---|----|----|----|
| 518 | 24 | 16 | 81 | 24 | 60 | 81 | 15 | 81 | 6 | 25 | 24 | 81 |

Proportion of women Members of the European Parliament by country (in %)



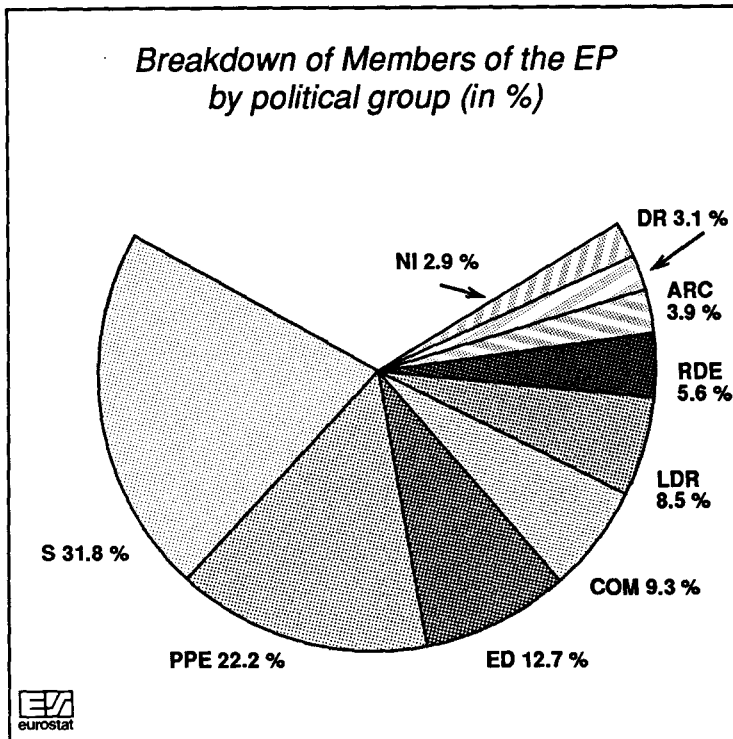
Proportion of women Members

Around one-sixth, or 16%, of Members are women. This proportion varies considerably depending on their country of origin, from 37.5% of the representatives from Denmark to 4.1% of those from Portugal.

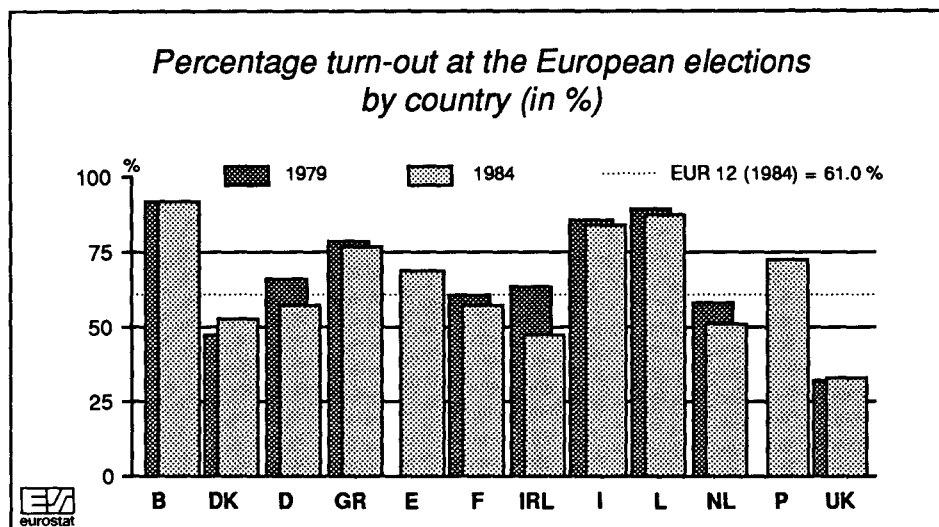
Women Members of the European Parliament by country

| | B | DK | D | GR | E | F | IRL | I | L | NL | P | UK |
|-----------------|------|------|------|-----|------|------|------|-----|------|------|-----|------|
| Number of women | 5 | 6 | 16 | 2 | 6 | 17 | 2 | 8 | 1 | 7 | 1 | 12 |
| Proportion in % | 20.8 | 37.5 | 19.7 | 8.3 | 10.0 | 20.9 | 13.3 | 9.8 | 16.6 | 28.0 | 4.1 | 14.8 |

Breakdown of Members of the EP by political group



| | | |
|-------|-----|--|
| 165 | S | Socialist Group |
| 115 | PPE | Group of the European People's Party (Christian-Democratic Group) |
| 66 | ED | European Democratic Group |
| 48 | COM | Communist and Allies Group |
| 44 | LDR | Liberal and Democratic Reformist Group |
| 29 | RDE | Group of the European Democratic Alliance |
| 20 | ARC | Rainbow Group (Federation of the Green-Alternative European Link, Agalev-Ecolo, the Danish People's Movement against Membership of the European Community and the European Free Alliance in the European Parliament) |
| 16 | DR | Group of the European Right |
| 15 | NI | Non-attached |
| <hr/> | | |
| 518 | | (reference date: 13.6.1988) |



Percentage turn-out at the European elections by country (in %)

| Year | B | DK | D | GR | E | F | IRL | I | L | NL | P | UK |
|---------|------|------|------|------|------|------|------|------|------|------|------|------|
| 1979 * | 91.6 | 47.1 | 65.7 | 78.6 | - | 60.7 | 63.6 | 85.5 | 88.9 | 57.8 | - | 31.6 |
| 1984 ** | 92.2 | 52.3 | 56.8 | 77.2 | 68.9 | 56.7 | 47.6 | 83.9 | 87.0 | 50.5 | 72.2 | 32.6 |

* Greece: 1981.

** Spain, Portugal: 1987.

Turn-out at the European elections

The present members of the European Parliament were elected by 138.2 million voters, which represents an average turn-out of 61% for the whole of the Community.

It should be noted that voting is compulsory in Belgium, Greece, Italy and Luxemburg.

● 30 000 footloose students in 1992?

The European Commission wants some 30 000 students to spend at least six months in a European Community country other than their own during the 1992/93 academic year. It is therefore asking the Twelve to spend twice as much on the Community's student and teacher exchange programme, Erasmus, in the period 1990-93, as in the previous three years. This would enable 2% of Community students to study in another European country. This figure would rise to between 5 and 6% if all student exchange programmes were taken into account. Even so, this is well below the 10% initially envisaged by the European Commission President, Jacques Delors.

● A European central bank on paper

The statutes of a central bank for the European Community, with authority to issue ecus in parallel with the currencies of the Member States, are ready. They have been drafted by professors and experts from the central banks of the Member States, who had been brought together by the Centre for the Promotion and Research of a European Currency and the Spinelli Committee for European Union. The statutes were presented in Brussels on 16 May, together with a project for the reform of the Treaty of Rome, the Community's 'Constitution'. They complete the Delors report on European monetary union, published in April, according to their authors (See *Target '92*, No 5).

● The Mafia and the single market

The President of the Central Bank of Italy, Carlo Ciampi, has called on the governments of the Twelve to cooperate more effectively to fight the Mafia, which could take advantage of the single market to launder its gains more easily. Italy's financial police wants the country's penal law reformed for much the same reason.

BRIEFLY

● The European Union of Medical Specialists has proposed the creation of a central European office, to evaluate the supply and demand of doctors in the various European Community countries, in order to 'programme' their numbers. The Union, which met in plenary session in Brussels on 27 and 28 April, is concerned that the single market may add to the surplus of doctors already noted in certain regions of the Community.

● The European Confederation of National Associations of Hotel-keepers and Restaurant Owners wants a reduction in the VAT rate for 1992. Under the European Commission's proposals the normal rate would apply to these sectors, as is the case at present in three of the 12 EC countries.

● The European Confederation of Executives was born in Brussels on 18 April, on the occasion of the 12th congress of the International Confederation of Executives. The new body represents some 800 000 members and brings together organizations from all 12 European Community countries, with the exception of Ireland and Greece. Its leaders have sought to create a new organization as they feel that the European Trade Union Confederation does not take into account the specificity of executives.

● The theme of the public meetings and parades held in the Federal Republic of Germany on 1 May was Europe's social dimension. Some 600 000 people took part this year. The President of the German trade unions, Ernst Breit, called for the differences between the various EC

countries to be levelled upwards, on the basis of the highest common denominator.

● Italy's Minister for European Affairs, Antonio La Pergola, presented to the European Community's Court of Justice in Luxembourg the text of the new Italian law which seeks to avoid any delays in the implementation of measures agreed on by the Twelve. This law requires the Minister to present to the Parliament in Rome each January a 'Community law', enabling all EC directives which are still pending to be incorporated into Italian law. Italy hopes that it will not hold the record hereafter for the number of convictions by the EC Court of Justice.

● The idea of a European trade union passport was launched by the national committee of the Luxembourg trade union OGB-L on 26 April. The passport would enable union members from one European Community country to be admitted into and supported by associated organizations in the other EC countries.

● In Paris the permanent ministerial group set up by the French Government to harmonize the activities of the various ministries in the Community field, held its first monthly meeting on 25 April, less than a month after it had been formed. The group, which is made up of the Minister for European Affairs and seven other ministers, set up a working group which will meet every week. France will assume the presidency of the EC Council of Ministers during the second half of this year.

● The Greek Government has decided to issue ecu-denominated bonds from 15 May 1989.

● On 11 April three political parties with an interest in Northern Ireland — its own Alliance Party, Great Britain's Social and Liberal Democrats and Ireland's Progressive Democrats — proposed the creation of a special Community Court of Justice to fight international terrorism and drug trafficking more effectively. They also declared themselves in favour of a 'European FBI', something strongly favoured by the heads of the German and Spanish Governments, Helmut Kohl and Felipe Gonzalez. Mrs Thatcher's Government has invoked the fight against terrorism and drugs to oppose the total elimination of controls at the European Community's internal borders.

Seen from abroad

► The hopes and fears of Washington

During a special meeting on 1992, organized by the Finance Commission of the American Senate, several members of the Bush Administration expressed their optimism, despite fears over certain specific points. 'Many American companies are better placed than their European competitors to take advantage of the 1992 single market', in the view of Mrs Carla Hills, the US trade representative, and James Murphy Jr, who is responsible for European and Mediterranean affairs. Mrs Hills thought the Twelve will meet the 1992 deadline and that the single market will not be a 'fortress Europe'. Mr Murphy and his colleague Mr McAllister, the Deputy Secretary of State for Economic Affairs, mentioned the Community's rules of origin as a subject of concern: these rules could compel American companies to manufacture a part of their output in Europe. The two also expressed unease over the eventual replacement of national import quotas by Community quotas. Finally, they feared that the adoption of Community standards could block sales of American products which did not meet them.

SMEs

1990 — European Tourism Year (ETY)

The European Community's tourism ministers and the European Commissioner for tourism, Mr Cardoso e Cunha, examined the progress made to date in the preparations for European Tourism Year, set for 1990. They were meeting informally at Lanzarote, in the Canary Islands. The countries belonging to the European Free Trade Association (EFTA) will be invited to take part in the next meeting to coordinate preparations.

The Lanzarote meeting looked into the possibility of activities at Community level. The subjects discussed included the need to encourage people to spread out their vacations more evenly during the year and to enlarge their list of destinations; to approximate signposting for tourists; promote environmental protection and prepare statistics on a Community basis.

The EC Commissioner stressed the importance the Commission attaches to tourism. To encourage a dialogue between the Member States, the various economic interests linked to tourism and the Commission itself, the latter has set up a department dealing with tourism within a new Directorate-General. By thus strengthening its operational means the Commission will be in a better position to measure the impact of the single market on tourism and to take accompanying measures in such important areas as taxation, consumer protection, cooperation between those dealing with tourism in the different Member States, etc.

The burgeoning growth of SMEs

For Eurochambers, the Association of European Chambers of Commerce and Industry, the creation and development of small and medium-sized enterprises (SMEs) contribute to expansion of the European economy and the regeneration of its productive tissue. In their annual survey of the economic prospects of some 14 European countries,¹ the Chambers of Commerce and Industry note that new enterprises are being set up at a fast pace in the majority of these countries. In 1988 a record 330 000 enterprises were set up in Germany. New firms are being created at a rapid rate in the United Kingdom, France, Spain, the Netherlands and Cyprus also. What is more, 'the projects are more serious, better prepared and on a bigger scale'.

1988 also witnessed a marked improvement, except in the United Kingdom, in the rate at which firms closed down. As a result, the net rate of creation of new companies increased, especially in Germany, where it rose by some 50% in 1988, with a positive balance of 70 000 new firms.

Most of the new businesses are in the services sector, providing services to companies and individuals, and in the leisure sector. However, the marketing and retail sectors are also represented (United Kingdom and Italy) as is the building sector (France and Italy).

To encourage the launching and development of SMEs, Eurochambers stresses the importance of the measures taken in 1988 by the public authorities and organizations representing SMEs. The measures in-

¹ The Twelve without Denmark, plus Cyprus, Finland and Turkey.

clude training programmes in business creation in France; the creation of a projects exchange and the consolidation of the business creation services offered in Spain; the introduction of flexible working hours for young people and women in the United Kingdom and the extension of the possibilities of securing a loan for the purchase of office equipment in Greece.

It is clear from the Eurochambers survey that the obstacles to the development of SMEs, depending on the country, can be structural in nature (very high levels of taxation; difficulty in obtaining a loan; labour costs and rigidities; bureaucracy, etc.); reflect economic conditions (high interest rates, unfavourable exchange rates, inflation, etc.) or a national situation (company law, absence of subsidies, limited market).

Eurochambers has called on the Community and governments to direct their economic policies more towards carrying out the necessary, long-term structural reforms. A reduction in State aids, increased deregulation and a reduction in fiscal charges are necessary to reinforce the effectiveness and adaptability of SMEs in the light of the completion of single market.

Promoting regional development

Nearly all European Community Member States have regional development agencies, whose aim is to promote economic and social progress at the regional level. They are the ideal link between national public investment assistance and the investment decisions taken by the private sector.

In adopting the report of Mr Manuel dos Santos Machado (EPP — Portugal), the European Parliament has asked the Member States who do not yet have such agencies to take the legislative measures needed to set them up. They can take part in the dialogue between the regional authorities, the European Commission, the European Investment Bank and investors and play a very positive role in the most disadvantaged regions. The creation of a well-organized network of these agencies in the Community's least developed regions would make it possible to attract to these regions a large part of Community investment flows.

According to the European Parliament, these agencies could also make a useful contribution to the spread of information, by setting up investment information and consultancy services.

Product safety

On 20 April the European Commission sent the 12 European Community Member States a directive aimed at creating a Community-wide legal framework to guarantee the safety of products. Faced with differing national legislations, the marketing of a product in the single market will have to be considered in a standardized Community framework of security requirements to be met by the manufacturers, importers and retailers in the light of the frontier-free Europe of 1992.

This will make it possible to avoid a situation in which products are banned in one Member State but not in the others, as this could result in consumers' confidence being shaken in a product imported from another Member State.

The new directive would apply to goods defined in broad terms, and not simply to consumer products. Similarly, the safety characteristics cover all aspects likely to result in an unacceptable risk for the consumer or the user of the product.

The new directive should also lead to the setting up of a special intervention mechanism for emergency situations in the event of serious and immediate risk, directly related to the safety of a product.

The new directive would come into force on 1 January 1991 and would cover products from the time they were first put on the market and during their envisaged lifetime.

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