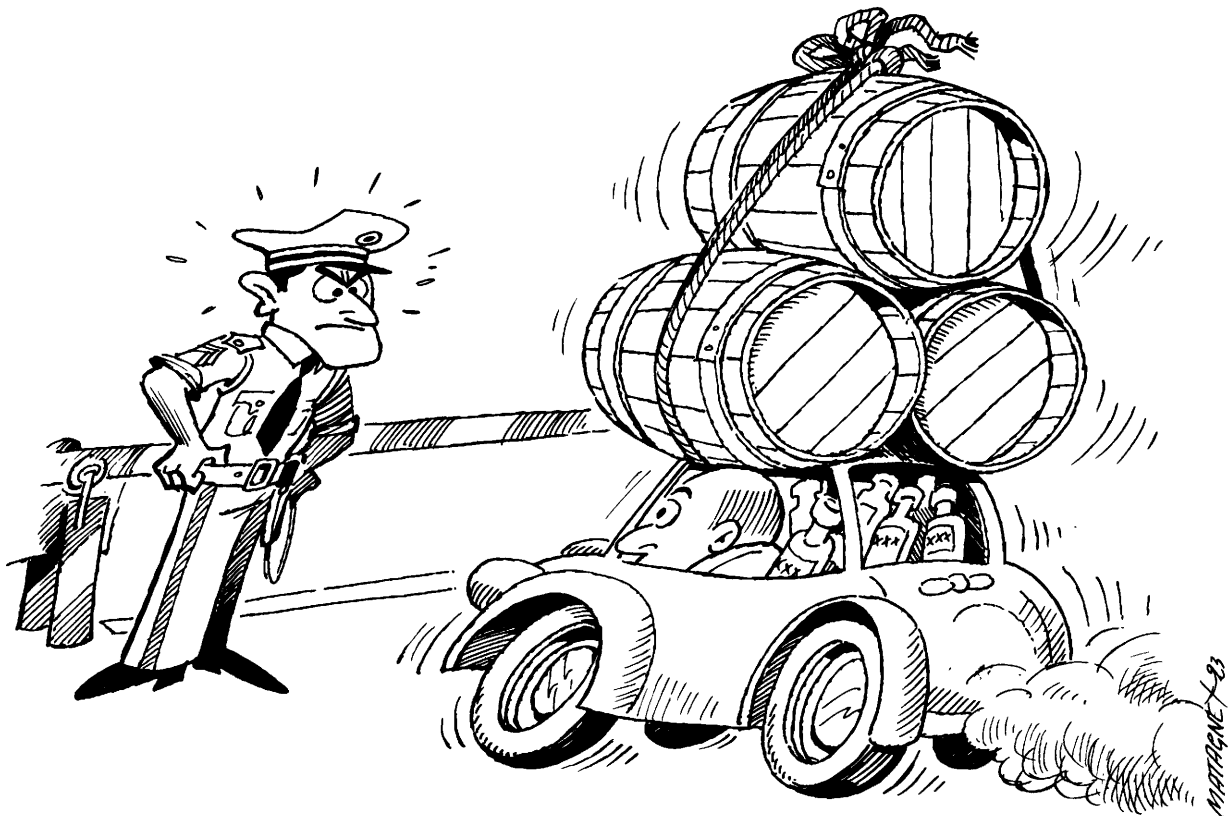


Brussels, 20 June 1978

N° 24/78



"Are you sure you have nothing to declare?"  
For a guide to duty free allowances see page 3.

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**++ STATE AID TO INDUSTRY : THE GOLDEN RULES**

Under the threat of increasing unemployment many governments are yielding to pressure for State aid to bolster crisis stricken industries.

Within the European Community, it is the Commission's responsibility to check that State aids do not upset basic trading conditions in the Common Market.

Annex 1 presents the guidelines used by the Commission in saying yea or nay.

**++ DUTY FREES AND THE COMMON MARKET**

It's nice to buy lace in Belgium and shoes in Italy but can you bring them home without paying duty? And what about the cigars from Holland or the wine from France or that little present for the family?

Some of the answers are presented in Annex 2.

**++ JOBS IN THE SERVICE SECTOR**

The tertiary sector - also known as the service sector - is growing in European economies and appears to be a fruitful area for creating jobs and reducing the dole queues.

Annex 3 presents the views of industry, trade unions and national governments on the value of this sector to reduce unemployment.

**++ HEALTH AND SAFETY AT WORK**

The latest session of the European Parliament welcomed the Commission's health and safety at work programme (total cost estimated at 3 million units of account) which aims to make the prevention and control of industrial dangers more effective.

In a report which was adopted by the Parliament, Mrs. Vera Squarzialupi (Italian, Communist) stressed that workers themselves have to be involved in the various aspects of the programme and her point was endorsed by Mr. Henk Vredeling, Vice-President of the European Commission. He was also in agreement with the suggestion of Mr. Robert Ellis (UK, Lab) on the importance of having independent health inspectors.

**++ HEART DISEASE, EATING AND SMOKING**

The rate of cardio-vascular disease has been pushed up by today's sedentary life-style, eating and smoking habits maintains Mrs. Annie Krouwel-Vlam (Holland, Socialist) of the European Parliament and she asked the European Commission whether information and educational measures should be co-ordinated at the Community level. In reply, Commission Vice-President Henk Vredeling recalled that a survey of eating and smoking habits in the Nine was currently being undertaken and the results will be discussed by the Council of Health Ministers when they meet in November to see what action the Community can take.

**++ PUBLIC HEARING ON MARINE POLLUTION**

The European Parliament has given its agreement in principle to the European Commission's marine pollution proposals (c.f. Euroforum N° 17/78). To obtain further information, however, the Parliament intends to organise public hearings in Paris, June 20-22, after which the Parliament will give its considered opinion on the measures drawn up by the Commission.

**++ HOTEL FIRE PRECAUTIONS**

In May 1977 two hotels, one in Amsterdam and one in Brussels were burnt down bringing death to many holiday makers. A short while after this, Euro-MP Mr. Luigi Noe (Italy Christian Democrat) drew up a resolution on the prevention of hotel fires and the problem was discussed once more at the Parliament's latest session following a report by Mr. James Spicer (UK, Cons.) which stressed the serious shortcomings of current hotel safety regulations. Mr. Spicer also requested the Commission to draft a regulation to ensure better protection for hotel guests and staff.

Mr. Henk Vredeling of the European Commission stated that his services were currently drawing up proposals on fire safety, flammability of materials, and toxicity of gases. The Commission's lack of manpower makes rapid progress unlikely, he pointed out. Mr. Spicer was disappointed by this reply and stressed that a draft directive of the sort he was proposing could be drawn up in a short space of time.

**++ PEDAL ECOLOGY**

Our governments should buy us all bicycles in the view of a group of ecologists who are organising a two-month long-distance cycle run from Paris to Moscow (4 500 km). Some thirty cyclist-ecologists aged 16-67 from six countries will

take part and try to promote their ideas by bicycle. They intend to show that neither comfort nor fuel is needed to have a good holiday, that ecology has no frontiers and that nature must be protected in all countries. The group will leave Paris, June 5th - World Environment Day - and will stop in Brussels, June 12, to be greeted by Roy Jenkins, President of the European Commission. The tour will also stop off in Amsterdam, Bonn, Berlin and Warsaw before arriving in Moscow around August 5th.

++ SUMMER TIME

The Nine's Transport Ministers have found themselves unable to adopt the proposals drawn up by the European Commission in time for a uniform changeover to summer time next year. They hope to be able to reach agreement for the following year (1980).

++ REGIONAL FUND QUALMS

The European Commission has approved the first section of Regional Fund applications for 1978 amounting to a total of 107 million European units of account (1 EUA = + 1.2 dollars). 95 million EUA are to go to infrastructure projects (201) and 12 million to industry and service sector projects (58).

Mr. Antonio Giolitti, European Commissioner responsible for regional policy expressed his concern at the tendency for applications to be concentrated only on infrastructure projects. It is more important, he stated, for the regions to develop their industrial activities. Mr. Giolitti was also concerned by Member States' delays in presenting their applications.

++ CONSUMER LAW PRIORITIES

There should be a greater exchange of information between industry and consumers, stated Mr. Richard Burke, European Commissioner responsible for consumer affairs in an address to UNICE's Committee for Agriculture and the Food Industries. Consumers should be better informed on industrial activity, and industry on the aspirations and needs of consumers.

Any consumer making a purchase should, in Mr. Burke's view, have four key elements of information at his disposal:

- the composition, instructions for use, instructions for storage, and its price in relation to quality and quantity.

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## STATE AID TO INDUSTRY - THE GOLDEN RULES

Under the threat of increasing unemployment, many governments are yielding to pressure to give financial aid to struggling industries. State aids to industry are consequently on the increase and it is the European Commission's responsibility to ensure that these aids do not upset basic trading conditions within the Common Market.

Guarding the free play of market forces does not necessarily mean banning State aids to industry; many are in fact in the Community's general interest. They have to be judged case by case and should be permitted when they are likely to correct market conditions which:

- hinder progress towards certain economic or social objectives;
- only allow these objectives to be achieved with unacceptable social repercussions;
- intensify competition to the point where it becomes self-destructing.

Increasingly, the European Commission takes the view that aid should be authorised when it is necessary (and the need has been clearly demonstrated) to correct severe regional imbalances, to help accelerate industrial growth or change, to permit certain industries to be run down without too much social distress, or to neutralise, at least temporarily, distortions of competition due to outside factors.

### Aid for ailing industries

The Commission's approach is to allow aid for struggling industries to ensure an orderly run down of their activity without serious repercussions for employment in general, and to ensure that national aid does not simply transfer the ills of one country to a Community partner. The Commission allows aid which permits a crisis stricken industry to adapt to new market conditions.

In concrete terms, that implies that the Commission applies three guiding principles:

- the aim of the aid should not be to preserve the status quo, e.g. aid for production cannot be permitted unless it is part of a reorganisation programme;

- rescue measures are permitted when they provide a breathing space for long term solutions to be implemented; they should be limited to those industries with the most acute social problems;
- investment assistance should not expand capacity since overcapacity is prevalent in all crisis sectors.

Impact of other aids

The Commission also has views on other types of aid to crisis sectors:

Employment aids : these can be intended either to create jobs or to maintain existing jobs. In the latter case, they should only be allocated to troubled sectors if they are part of a reorganisation problem, otherwise they will simply transfer the social and industrial problems to other Community countries.

Regional aid : in sectors with large surplus capacity (ship-building and manmade fibres), the Community has requested that no aid be given - even regional aid - which would be likely to increase overcapacity further.

Aid to growth sectors approved

Stimulating growth sectors is, by contrast, in the Community's interest since the principal competition faced by these sectors is from highly industrialised or technologically advanced countries. The Commission is encouraging the Nine to actively encourage the data processing, electronics and aerospace sectors, particularly by stepping up research and development. The Commission has no objection to State aid being used to develop these sectors but expansion programmes should be coordinated at Community level.

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DUTY FREES AND THE COMMON MARKET

At holiday time, many of Europe's border posts have a number of things in common : mile-long tailbacks, cars full of hot irritable tourists and a pervading smell of car exhaust fumes. No matter whether it's the Calais or Ostende docks for the cross-channel ferry, the customs posts between France and Italy, Germany or Denmark, the customs officers always ask the same question : "Anything to declare" and there's always someone there to ask what the point of the Common Market is if we still have to go through the old routine.

If customs duties have been abolished between the Nine, what are all the checks in aid of? Inhabitants of the European Community have the right to move freely throughout the Nine and pick a job where they choose, so why all the customs formalities which can make even the hardest tourist doubt the reality of our united Europe?

Differing excise duties and VAT

Fully aware of this problem, the European Commission recommended to national governments in 1968 that tourist cars and travellers should only be stopped in exceptional circumstances. Though customs checks have been reduced, they haven't been completely abolished for reasons of both public safety (tracking international criminals and drug trafficking) and for tax reasons since the Nine has yet to complete its harmonisation of taxation procedures, particularly VAT and excise duties.

Also, there are still restrictions on the amounts of goods that may be imported tax-free into Community countries. A ceiling has been set at 125 European units of account (1 EUA = + 1.2 dollars) below which goods avoid taxation. Certain goods (alcohol, tobacco, etc.) are subject to different duties in Community countries and since unrestricted exports and imports could harm certain countries financially, the Community has had to limit the quantities which travellers can bring into other countries without paying duty and VAT.

If you are going on holiday to a Common Market country and you are interested in bringing back French wines or Dutch cigars, the table below should help you work out what you're entitled to:



	<u>Goods bought in EEC countries</u>	<u>Goods bought in non-EEC countries</u>
<u>Tobacco</u>		
Cigarettes	300	200
Cigarillos	150	100
Cigars	75	50
Pipe tobacco	400 gr	250 gr
 <u>Alcoholic drinks</u>		
1. Spirits or distilled drinks above 22° proof	1.5 litres	1 standard bottle (0.7 - 1.1 litre)
or distilled drinks, spirits or aperitifs under 22°, sparkling wines, liqueurs	3 litres	or total 2 litres
2. Table wines	3 litres	or total 2 lit.
 <u>Perfume</u>	 75 gr	 50 gr
<u>Toilet water</u>	0.375 litres	0.250 litres
 <u>Coffee</u>	 750 gr	 500 gr
or coffee extracts, essence	300 gr	200 gr
 <u>Tea</u>	 150 gr	 100 gr
extracts or tea essence	60 gr	40 gr
 <u>Other goods</u>	 total max. value of 125 European units or account	 max. value 25 EUA
	(1 EUA = ± 1.2 dollars)	

Apart from goods liable to excise duty (alcohol, perfume, tobacco etc.) a traveller has the right to import items which are worth up to £50 (125 EUA) without paying duty. Or in other currencies:

<u>Belgium</u>	<u>Denmark</u>	<u>France</u>	<u>Germany</u>	<u>Ireland</u>
BF 6 250	Dkr 950	FF 690	DM 460	£52
<u>Italy</u>	<u>Luxembourg</u>	<u>Netherlands</u>		
L 78 125	Lux F 6 250	F1 450		

Above this amount, the traveller has to declare his wares to the customs.

No commercial duty frees

The import concessions outlined above only apply to non-commercial goods which are for personal or family use only. If you buy lace in Belgium, shoes in Italy, coffee machines Germany, you can import them tax free as long as their combined values do not exceed 125 EUA. You do not have to declare the three litres of wine which you intend to drink at home.

The tax concession is applicable to individuals only and though a car load of people may all bring in the maximum limits of the goods mentioned above, four people cannot combine their duty-free rights to bring in something costing say 500 EUA. Minors (under 15 years) cannot import duty free tobacco or alcohol. The tax concession allocated them only amounts to 20 EUA.

The only places where you are likely to have an easy passage are the BENELUX countries (Belgium, Holland, Luxembourg) where tax differences have been greatly reduced.

One cigar = 4 cigarettes

If you wish to buy yourself both cigarettes and cigars, or bottles of cognac and champagne, the conversion rates to be used are as follows:

- 1 cigar = 2 cigarillos = 4 cigarettes = 5 gr tobacco
- 1/2 bottle of alcohol over 22° = 1 litre of distilled drinks or spirits under 22° = 1 litre of sparkling wine, liqueur or aperitif.

Even if you import other alcoholic beverages, you have every right to three litres of table (unfortified) wine.

For example, a couple travelling from one Community country to another would have the right to take with them:

- 100 cigarettes + 50 cigars, or 200 cigarettes + 50 cigarillos and
- 1 bottle of whisky + 1.5 litres of champagne + 4 bottles of 0.75 litre wine.

Deadline for duty abolition

The duty free allowances are still somewhat limited and in 1976 the Commission proposed extending the system, in particular by increasing duty free wine quota and raising the tax free threshold from 125 to 200 EUA.

The Community is working slowly towards economic union and when tax systems within the Nine are harmonised, then travellers will be free to import what they will from other Community countries.

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## JOBS IN THE SERVICE SECTOR

Some 59% of Dutch and Danish workers are employed in the service sector, as are 56.5 of Belgian and 50% of French workers (1975 figures). Apart from being a growing sector in the European economy, the tertiary sector is also one of the three sectors where job creation opportunities appear the least impaired by the economic crisis.

The European Commission recently undertook the first examination of the structure of this sector and the possibility of helping reduce unemployment. The Commission's findings were discussed by the Standing Committee on Employment at its latest session.

The Community's Standing Committee on Employment includes national Ministers for Employment or their representatives, representatives of industrial and trade union organisations and the European Commissioner responsible for social affairs.

Employers have stressed that to ensure the growth of the tertiary sector and therefore the creation of jobs, growth has to be ensured in the primary and secondary sectors, and equal competitive conditions ensured between private and public industry. In the private service sector, priority should be accorded to small and medium sized companies.

They are particularly concerned about the principle of ensuring private management of this sector, but do not oppose governmental measures to provide jobs for the unemployed in the tertiary sector, in line with Community needs. These people should be given suitable vocational training to ensure they find a permanent job. Employers are in favour of rationalisation investment in this sector which would have a beneficial long term effect on employment.

For trade unionists, the tertiary sector has a major role to play in creating jobs, particularly considering the large number of unsatisfied collective needs and the possibility this sector offers in improving the quality of life.

They are against any moves to transfer only those non-profit making services which are not subject to market forces to the public tertiary sector. Considering the cost of creating jobs in the service sector, we should not lose sight of the fact,

they stress, that any worker who is no longer drawing social security payments is in fact saving public money. A selective taxation policy could help release resources which could create jobs.

The trade unionists are concerned however by the rationalisation being brought in with new technology which is reducing the volume of employment and downgrading qualified workers.

According to the public authorities, school education and vocational training programmes should take into account the job opportunities in the tertiary sectors and the qualifications required.

The Standing Committee on Employment concluded that it was convinced the tertiary sector will play an important role in the anti-crisis strategy to create new jobs and guarantee global growth of the economy.

To be able to evaluate the decisions to be taken, more complete information on this sector is required, and the Committee has invited the European Commission to undertake more detailed studies and examine ways of using Community financial resources to develop service sector activities.

The Committee also takes the view that creating jobs in the service sector can also help certain other areas : health, old and handicapped people, education, vocational training, social tourism, energy savings, the search for new sources of energy.

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