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SUMMARY

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CONSUMERS: A Community-wide guarantee, or else ...

Manufacturers of consumer durables would do well to provide an after-sales guarantee valid throughout the European Community, and not simply in the country of purchase, if they wish to avoid trouble. This is the substance of the warning the European Commission gave manufacturers in both the Community and elsewhere at the beginning of the month.

Manufacturers of branded goods like to have their own network of approved dealers to ensure a satisfactory after-sales service to customers. But they often take advantage of this to discourage consumers from buying their products in a country other than their country of residence. The method is simple: the manufacturer, while licensing a dealer, forbids him to guarantee the product outside his own country.

The European Commission has repeatedly condemned such practices as contrary to the Community's competition rules. As it has the power to ban manufacturer-dealer agreements, or to authorize them under certain conditions, the Commission has often chosen the latter solution when the manufacturer agrees not to limit his after-sales guarantee to a particular country.

This is what has happened in cases relating to such well-known brand names as Omega, BMW, Zanussi and IBM. The Commission's attitude received confirmation from the European Court of Justice in two rulings, relating to cameras and watches, in 1984 and 1985. Since July 1985, a special Community regulation guarantees motorists a "European" guarantee.

But the problem has not been settled, given that certain distribution networks refuse systematically, according to the European Bureau of Consumers' Unions (BEUC), to honour the guarantee in the case of goods purchased in another Community country. The point at issue is important, given that certain products may be cheaper in a neighbouring country.

The European Commission has decided to look into each case referred to it by BEUC. At the same time it has warned manufacturers who have an exclusive sales network that, if their products are not covered by a "European" guarantee, it will declare their agreements with their dealers "incompatible with Community law", thus making them inoperative.

FISHERIES: Council acts to make its fisheries policy more effective

The European Community's rules for preventing overfishing in its waters will perhaps be more effective in the future, following the recent agreement by the Community's fisheries ministers on control measures and sanctions.

If our grandchildren are to eat fish 50 years from now, fishing must be controlled as from now to conserve stocks. It was this simple consideration which led the Community to adopt special rules in 1983, under which the total allowable catch (TAC) is set by the ministers every year for each species and fishing ground.

Every Community country is allocated a quota, which in theory it cannot exceed. But this often happens in practice, as the national authorities are responsible for ensuring that quotas are respected.

The European Commission has long sought wider powers for Community inspectors. Now the twelve fisheries ministers have agreed to let it undertake more effective, on-the-spot monitoring of fisheries and connected activities. The Commission believes the main elements of its proposals have thus been adopted by the Council of Ministers.

The new measures, which will be formally adopted once the European Parliament has delivered its opinion, allows the Commission to ban fishing once the TAC has been used up, and authorizes compensation to countries whose fishermen were unable to utilize their quotas fully because of overfishing by others. Those guilty of overfishing would see their quotas reduced the following year, while compensation would take the form of additional quotas.

The new regulation was adopted by a qualified majority; it was opposed by Denmark.

TRAVEL: A 12-star welcome for motorists

From 1 January 1988 motorists crossing from one European Community country into another will no longer be confronted with the traditional signs announcing the customs post. The Community's home ministers have decided to replace them with signboards bearing a replica of the Community flag - 12 gold stars on a blue ground - with the name of the country the motorist is entering emblazoned in white.

The use of the new signboards will not be limited to roads and motorways; they will be a feature of ports and airports as well.

The idea for these European-style signboards came from the Committee for a People's Europe, set up by the Fontainebleau summit in 1984.

CONSUMERS: Portugal remains the cheapest among the Twelve

The most expensive country in the 12-nation European Community remains Denmark, the cheapest Portugal, according to the latest price indices published by the Community's Statistical Office, Eurostat.

The figures, which relate to September, point to very substantial differences in the level of prices from one member state to another. Thus the cost of living in Denmark is more than twice that of Portugal.

The same basket of consumer goods costs some 10% more in Greece than in Portugal - and roughly 25% more in Spain, 45% more in Italy and the U.K. and 50% more in Luxembourg. The differences are even more marked in the case of Ireland and Belgium, where the basket costs 60 to 65% more; the Netherlands (70%), France (75%) and Germany (90%).

American prices are at roughly the same level as in France, but Japanese price levels are well above even the Danish.

REGIONAL AID: Commission agrees to back unique transfrontier operation

A plan for the economic regeneration of a region which straddles the frontiers of three European Community countries has won the backing of the European Commission. The region lies at the point where France, Belgium and Luxembourg meet, and until recently was a major steel producer.

Some 15 months ago the three countries decided to join forces in order to revitalize the once-thriving communities of Aubange, Longwy and Rodange. Their plan involves the establishment of a 1,000-acre industrial estate, with special customs facilities, including bonded warehouses, and readily accessible by road and rail. The plan also provides for the setting up of research and educational institutions, with the focus on technological innovation.

Last February the three countries applied to the Community's Regional Development Fund (ERDF) for help in financing their projects. At that time the Commission indicated that it favoured their efforts to work together because of the similarity of their problems.

After a detailed examination of the economic situation of the region, the Commission has now concluded that the approach adopted by the three countries is particularly worthwhile from the point of view of European integration. It has therefore decided a derogation which allows the ceiling for investment to be raised to 30%. It has also agreed in principle to the possibility of combining national regional aid with ERDF grants, within this higher ceiling.

The three countries had earlier indicated to the Commission that they might well ask for aid in excess of the ceiling for individual investment projects which all three considered especially important. The Commission has now undertaken to examine carefully in all such cases whether the level of aid requested is compatible with Community objectives.

A Commission decision as regards the applications from the three countries for ERDF grants is expected shortly. All the indications are that it will be favourable. The fact is the Commission considers the plan drawn up by the three Community countries to be in line with its own priorities: it deals with the structural reorganization of a steel producing area on the basis of cross-frontier investment projects.

SALESMEN: New Council Directive will ensure similarity of treatment

The travelling salesman is playing an important role in the growth of intra-Community trade. But differences in national legislation on commercial representation have led to unequal conditions of competition within the 12-nation European Community.

The EC Council of Ministers has just agreed in principle to rules covering the relationship between self-employed commercial agents and principals. Aspects of this relationship covered by the new Directive, now being drafted for formal adoption by the Council, include the agent's remuneration, especially his right to a commission; conclusion and termination of contracts and indemnification for its termination.

The new Directive must be translated into national legislation within three years, except in the U.K. and Ireland, which are being allowed more time. This is the case as regards Italy also, but only in connection with the indemnification for termination of contract.

VAT: Creating a genuine common market for second-hand goods

Businessmen are not alone in taking advantage of the creation of the European Community: private individuals are following suit, so that the trade in second-hand goods is also growing. Until recently it was hampered, however, by the fact that VAT was being levied twice over: at the time of original purchase (in the exporting country, as it were) and again on import into the country of residence of the second buyer.

The European Court of Justice ruled in the matter in the so-called Gaston Schul cases in 1982 and again last year. On the basis of its judgments the European Commission concluded that this double imposition of VAT was contrary to Community law. In any case, no taxation could be charged "without taking into account the VAT already paid on the goods". And the Commission even explained, with the help of examples, how the taxable amount was to be calculated (Official Journal, C 13, of 21 January 1986).

The Gaston Schul cases related to transactions between private individuals. The Commission has now assured an Irish Euro-MP, Thomas Maher, that the Court's rulings apply just as much to second-hand goods purchased from commercial dealers.

DEVELOPMENT AID: Commission favours industrial cooperation with the NICs

The European Commission would like the European Community to subscribe to the share capital of joint ventures in developing countries. One of the partners in these ventures would be a Community enterprise, of course. And the EC's contribution would necessarily be small. But the Commission believes that by providing risk capital, and other incentives, the Community can encourage its smaller businesses in particular to enter into a long-term commitment with the more industrialized developing countries.

Promoting industrial cooperation, through joint ventures, for example, is a key element of the European Commission's new approach to development cooperation with countries in Latin America, Asia, including the Gulf, and the Mediterranean. It reflects the now widely-held view that the private sector has an important role to play in developing countries, by providing capital, technology, managerial know-how, marketing skills, etc.

But the Community also stands to gain, in the Commission's view. European industry must be present in the countries which represent a growing market for its manufactures and technology, and tie-ups with local firms is a good way of ensuring this on a long-term basis. Such tie-ups in fact can also improve the capacity of European industry to compete on world markets.

The Commission's proposals to the 12 member states do not involve the creation of any new institutions, as the European Commissioner for North-South relations, Claude Cheysson, made clear when he outlined them to the press. After consultations with European industrialists and bankers the Commission has concluded that the Community's action should focus on three areas.

They are: (1) better cooperation between European Chambers of Commerce in the developing countries, to ensure that information on investment opportunities is readily available in Community firms; (2) scientific and technical cooperation between European research institutions and their Third World counterparts and (3) training facilities for young executives from both the Community and developing countries.

The Commission, backed by the European Parliament, has made provision in next year's budget for Community participation in the share capital of joint ventures. The member states, as Mr Cheysson pointed out, have already agreed to the principle of it, as the financial protocols with the southern Mediterranean countries contain provisions for risk capital.

TRANSPORT: Giving long-distance lorry drivers the freedom of the road

In a genuine common market not only goods but also the lorries which transport them can move freely between the member states. But road transport within the 12-nation European Community is hardly free; about half of it is governed by quota systems, under which operators must first obtain an authorization to move goods across the Community's internal frontiers.

The European Commission has now sent the EC Council of Ministers proposals aimed at gradually freeing Community road transport. Based on a recent decision of the Community's transport ministers, they provide for a 40% annual increase in Community quotas, or authorizations, through 1991. At present only one-fifth of all quotas are Community; the rest have been negotiated between governments of member states and are valid, therefore, only for transport between the states in question.

Under the Commission's proposals bilateral quotas would continue but would become progressively less important, to disappear entirely by 1992. Meanwhile Community licences, which currently total 7,437, amount to some 44,000 by end 1991, and account for at least half total road transport in the EC. Given that a substantial part of road transport is already quota-free, the Commission's proposals would effectively free all of it from 1992.

During the transitional period the European Commission would attribute the quotas for the following year before October 1. In 1987 the number of Community authorizations would be increased by 55%, given that Community legislation already provides for a 15% annual increase, from next year. Increases in the four subsequent years would be limited to 40%.

The following table shows the number of Community authorizations in 1987 under the Commission's proposals:

Community authorizations in 1987: Commission proposals

Belgium	976	Italy	1,424
Denmark	929	Luxembourg	404
France	1,488	Netherlands	1,553
Germany	1,735	Portugal	416
Greece	293	Spain	1,014
Ireland	341	United Kingdom	902

Road hauliers would continue to be licenced by governments after 1991, on the basis of professional competence.

MOTORISTS: No Community-wide speed limits in sight

At present each of the 12 European Community countries set its own speed limits for road traffic. And judging from the recent, inconclusive debate in the European Parliament, any change is a long ways off. The European Commission however has decided to draft proposals for speed limits to be set by the Community, given the divergence of views among the Twelve.

The debate nonetheless revealed just how complex the problem is. A report prepared by Euro-MP Ben Visser, and approved by Parliament's Transport Committee, shows how speed effects road safety and pollution. It calls for speed limits which are neither too high nor too low but has left unanswered the thorny question of limits on motorways.

The report notes that both the risk of accidents, and their gravity, increases with driving speed; but that between 60 and 75 miles an hour the level of safety is virtually unchanged. In any case, motorways are a special case in Mr Visser's view, given that the number of accidents on them is proportionately much smaller than on ordinary roads.

In most Community countries the speed limit on motorways is around 75 to 80 miles an hour, but it is just over 60 miles an hour in the Netherlands and Denmark and 60 miles an hour in Ireland. Germany, on the other hand, has set no speed limits. The report claims that a high proportion of drivers exceed these limits: almost two-thirds of them in the Netherlands, some 30% in Denmark, 40% in the U.K., 29% in Italy and 24% in France.

This has led Mr Visser to conclude that speed limits which are regularly exceeded should be raised; after all, only 15% of Dutch drivers exceed 75 miles an hour. But environmental protection seems to require speed limits to be set relatively low.

According to a Dutch study, emissions of two of the most dangerous pollutants, carbon monoxide and nitrogen oxides, increase by 26% and 13% respectively when a car accelerates from 65 to 72 miles an hour. A reduction in speed of some 6 miles an hour reduces these emissions proportionately. A German study points to a 10 to 15% increase in these pollutants when the speedometer goes up from 62 to 80 miles an hour.