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Mailed from : Brussels X

Journalists

FINANCE: A European currency on the Community agenda

The conclusions of the Delors Committee on economic and monetary union.

The age-old dream of a European currency could come about if the heads of state and government of the 12-nation European Community accept the conclusions of a report drawn up by a group of 17 experts, headed by Jacques Delors, President of the European Commission. This 38-page document, presented at Luxembourg on April 17, indicates the steps to be followed to create, in three stages, an economic and monetary union of the European Community's 12 Member States.

The report, which does not set a date for the realization of the objectives it lists, must be discussed at the European "summit" in Madrid at the end of June. President Delors hopes that the Community's leaders will take a stand before the end of the year - that is to say, at the following "summit", to be held in France in December.

The first stage could begin, according to the report, as from 1 July 1980, the date set for the complete liberalization of capital movements among eight of the Community's Member States - the Twelve less Greece, Ireland, Portugal and Spain. It could coincide with the completion of the 1992 single market; it would imply the elimination of all obstacles to the utilization of the ECU, the European monetary unit, by companies and individuals: ECU-denominated bank accounts, the use of the ECU as a means of payment between companies, etc.

If the Twelve genuinely want to end up with a common currency they must, even before embarking on the second stage, conclude a new Treaty - or even several of them - in order to modify the present "European constitution" - the Treaties of Rome and Paris. The second stage, which would assume the completion of the 1992 programme, foresees the creation of a "European system of central banks", the germ of a federal European central bank - a sort of watchdog of monetary stability. It would mark a transitional stage, during which the broad monetary guidelines of the EC governments would be gradually taken over by European authorities.

During the third, and final, stage fixed parities between the currencies of the Member States would be ensured: the French franc could no longer vary in relation to the German mark, nor the lira in relation to the Dutch florin, and so on. National currencies would then be replaced by a single European currency.

This ambitious programme has already encountered strong opposition, especially from London. But the stakes are high - in ECUs, of course.

ENVIRONMENT: European cars to be as clean as American ones

The European Commission and Parliament agree on stricter anti-pollution standards.

It was almost unanimously, with 308 of the 318 votes cast in favour, that the European Parliament, backed by the European Commission, asked the Twelve to reduce even further the permitted exhaust emission levels for European cars, whatever their engine size, and to bring these stricter limits into force more quickly.

The deadlock was broken by declarations made on behalf of the Commission by the Environment Commissioner, Carlo Ripa di Meana. He had undertaken to propose standards as severe as those in force in the United States at the federal level, indicating the following upper and lower limits: between 19 and 21 grams for carbon monoxide (instead of the 30 grams provided for in the European Council's common position) and between 4.8 and 5.2 grams (instead of 8 grams) for the mixture of hydrocarbons and nitrogen oxides. The European Commission will propose that these limits be applied from 1 October 1991 for all new models of cars with an engine capacity of over two litres; from 1 October 1991 for those with an engine capacity of less than 1.4 litres and 1 October 1993 for those with an engine capacity of 1.4 to two litres.

This veritable revolution has completely swept aside the compromise reached last November. It appears highly improbable that the EC Council of Ministers will reject the proposals of the European Parliament and Commission, which are backed by a public opinion increasingly sensitive to environmental issues, more especially as the most reluctant car manufacturers, such as the French and Italian, are changing their views.

Under these circumstances it is difficult to see a majority emerging in the Council on June 8 which would reject these new standards. Of course the application of stricter European standards does not mean they cannot be met - or even be overtaken by new technological developments, such as the lean-burn engine, for example. However, even if the existing technology requires the use of three-way catalytic converters, this is a price which will have to be paid if the Community is to reach the objective, in conformity with the provisions of the Single European Act, of cleaning up the air we breathe, especially in the Community's largest cities.

After the vote, Mr Ripa di Meana expressed his satisfaction both at the results and the effectiveness of the Commission's concerted action with Parliament. "The European Commission", he added, "has also asked industry to make the effort needed to adapt to the new requirements of a competition which is giving priority to respect for the environment among the criteria which determine the marketing of cars."

AIR TRANSPORT: Flying, without being taken for a ride

The Court of Justice strikes a blow for cheaper air fares.

The provisions of the EEC Treaty must also apply to those aspects not covered by the first phase of liberalization of air transport, adopted in December 1987, such as price-fixing arrangements, travel to third countries and the ban on taking advantage of a monopoly situation to set air fares.

The European Court of Justice has further ruled that when a competent authority concludes that an airline dominates a given market, it should follow this up by looking to see if the fares which the airline in question has imposed on other air transport companies serving the same route represents an abuse.

What the Court in fact is saying is that nearly all airline price-fixing agreements may contravene the European Community's sacrosanct principle of free competition and, consequently, could be declared illegal on the basis of Art. 85 and 86 of the Treaty of Rome.

As this verification could be carried out by any national court, it could shake, or even destroy in the short term, the foundations of the European air transport monopolies, already shaken by the first phase of deregulation.

At present national airlines, members of the International Air Transport Association (IATA), will set air fares through bilateral or multi-lateral accords, thus limiting the free play of market forces and keeping fares artificially high. Also within the IATA framework, they agree among themselves on the exchange rates for the various national currencies, setting at the same time special or reduced tariffs in order to take into account the special characteristics of each national

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market. As a result, the differences in fares can be substantial, as between the tariffs in force in countries with strong currencies and those with weak currencies. Passengers from countries with strong currencies may therefore find it cheaper to buy their tickets in countries with weak currencies, even if it means buying a ticket for a much longer journey and using only part of it. The fact is they can save up to 60% of the fare.

This fact prompted two travel agents in Frankfurt to offer seats on the Lisbon-Frankfurt-Tokyo flight at a price half of the price for the "normal" Frankfurt-Tokyo flight. Asked to rule in the matter, the European Court of Justice sided with the travel agents; it held that all bilateral and multilateral conventions on airfares, applicable to scheduled flights (the resolutions of IATA, for example) are invalid in law.

This new shot across the bows of national airlines and governments which are slow to deregulate was welcomed by the Commission Vice-President and Competition Commissioner, Sir Leon Brittan, who declared that "the Commission will examine the implications, notably when preparing its proposals for the new phase of liberalization." It was also welcomed by the Commissioner responsible for transport and consumer protection, Karel Van Miert, who stressed the support the Court's ruling provided the European Commission in its efforts to create a single market in air transport which meets the needs of the economy while respecting the rights of travellers and reconciling the importance of opening up the market with that of improving the quality of the service and, notably, the safety of air transport.

EMPLOYMENT: The Twelve want to stimulate continuing education

They would like national as well as Community measures to this end.

The Twelve believe that vocational training on a continuing basis is essential in the fight against unemployment and as a means of helping both workers and companies prepare themselves in good time for the changes required by the single market. As a result, the European Community Council of Ministers asked the European Commission at the beginning of April for a Community action programme; at the same time the Ministers singled out a series of measures to be taken by their national authorities.

The Council favours the development of continuing vocational training at all levels of economic and political life, from companies to the State, not forgetting municipalities and regions. It is of the view that a special effort is needed in problem areas and small and medium-sized enterprises (SMEs).

The Council also considers that continuing training should play a preventive role, by enabling workers whose jobs are threatened to train for new jobs.

As for the action programme which the Council would like, it would involve making an inventory of existing systems, alerting company managers and salaried staff, especially in SMEs, and helping regions in difficulty create or develop the necessary services. The action programme could also facilitate the mutual acceptance of professional qualifications among the Twelve.

UNEMPLOYMENT: The fall continues

Down to 9.7% of the EC workforce in February.

The fall in unemployment in the 12-nation European Community, which has been evident since last summer, has continued, according to Eurostat, the EC's national statistical office. By the end of February, the unemployment rate was down to 9.7%, as against 9.8% at the end of January, a rate last recorded exactly six years ago.

Female unemployment has remained at a much higher level (12.9%) than male (7.6%). The unemployment level has continued to fall as regards the under-25s: in February it was 18.5%, as compared to around 23% in April 1986, or February 1983. However, because of a declining birth-rate, the number of under-25s in the workforce has fallen by 1% between 1984 and 1987.

ROAD TRANSPORT: Freeing the rates charged by Community hauliers benefits users

The European Commission proposes giving hauliers the freedom to set rates.

The European Transport Commissioner, Karel Van Miert, has proposed that the present system of compulsory rates for the transport of goods by road, which expires at the end of this year, be replaced by the freedom to set rates from 1 January 1990. The measure follows logically from the moves to create a single internal market for transport, and is a necessary step towards the total elimination of everything that can distort competition between the various forms of road, rail and river transport.

Shippers would benefit if transport charges were freed, as this freedom would be extended to maintenance, warehousing, management of stocks, home delivery, etc.

ENVIRONMENT: The European Commission is helping protect the ozone layer

Aerosol manufacturers agree to cut down on the use of CFCs.

The European Commission has made an important contribution towards the protection of the ozone layer by adopting a recommendation which sanctions a voluntary agreement between the European Federation of Aerosol Manufacturers and itself. The agreement provides for a 90% reduction in the use of chlorofluorocarbons (CFCs) in aerosols between now and 1990. Excluded from its scope, however, are the aerosols used in the pharmaceutical and electronic, as well as certain specialized, industries.

Given that aerosols account for 45% of the total utilization of CFCs in the European Community, the agreement represents a major advance in the fight to protect the ozone layer. It is more far-reaching than the Montreal Protocol of last December, which envisages a 20% reduction for CFCs as a whole. This level would be reached some three years earlier under the new agreement. The major industrialized countries, including all 12 EC countries and the Community itself, have adhered to the Montreal Protocol.

The Commission now plans to conclude similar agreements with the manufacturers of products such as refrigerators, plastic foam, etc.

NATURAL GAS: Consumption and production declined in 1988

The Soviet Union remains the Community's major external supplier.

European Community consumption of natural gas fell by 9.8% last year, after having increased by more than 6% in 1987, according to Eurostat, the EC's statistical office. The situation varied from country to country, however. While consumption fell by more than 9% in the Netherlands, by nearly 8% in Britain and by more than 6% in France, it rose sharply in Spain (27%), Ireland (22%), Greece (17.3%) and Denmark (7.1%).

Community production fell by 7.7% last year; as a result, despite the fall in consumption, it could meet only 61.9% of the Community's needs, as against nearly 65% in 1987. The fall was especially sharp in the Netherlands, the EC's leading producer (11.6%) and France (21.6%).

It is hardly surprising, therefore, that imports into the Community rose somewhat. All countries recorded a rise, with the exception of Britain and France. The Soviet Union remains the Community's principal external supplier, accounting for more than 40% of total imports, followed by Norway and Algeria.

PETROLEUM PRODUCTS: A rise in the demand for motor spirit and kerosenes

Inland deliveries in the European Community in 1988.

The rise in the demand for aviation fuels and petrol for motor cars speeded up last year in the 12-nation European Community. Deliveries of the former rose by 6.1%, of the latter by 3.1%. But deliveries of gas oil for diesel engines continued to stagnate: they rose by 0.1%, after having fallen by 1% in 1987. The steepest falls were recorded in deliveries of residual fuel oils, which fell by 5% for the second successive year.

Since 1979, the share of residual fuel oils in total deliveries of petroleum products has fallen by half in the 12-nation Community - from more than 30% of the total to less than 15%. The share of aviation fuel has increased, on the other hand, rising from 4% to 5.7%. The increase was sharper in the case of motor spirit - from 16.4 to 22.5%; but it has remained more modest in the case of gas oil - 34.4 to 37.6%.

INTERNAL MARKET: Protecting Danish ham and bacon?

Denmark operates a ban on sandwiches brought in by tourists.

The German Euro-MP, Horst Seefeld, recently took up the cudgels on behalf of the international camping and caravanning federation. Was it true, he asked the European Commission, that travellers to Denmark can bring in packaged foodstuffs but not sandwiches and similar eatables?

The Commission noted that this was the case, and tried to put the matter in perspective. It pointed out that certain animal products, such as meat and meat-based products, are liable to transmit animal diseases, including African swine-fever and foot-and-mouth disease. The quantity of infected meats brought into the country is not the decisive factor: experience had shown that certain costly epidemics had been started by contaminated products brought into the country by tourists in very small quantities.

Such problems, which complicate the elimination of internal border controls, will have to be solved between now and the end of 1992. The European Commission, in its white paper on the single market, envisages a certain number of measures in this connection, aimed at eliminating the most important animal diseases from the Community.