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S U M M A R Y

- P. 2 VAT: New strategies to eliminate frontiers
The European Commission's latest proposals.
- P. 3 A PEOPLE'S EUROPE: The right to residence cannot depend on the quality of housing
The Court of Justice strikes down the discriminations contained in a German law.
- P. 4 SOCIAL: Twelve basic rights for the Twelve
The European Commission sends the European "summit" a social charter.
- P. 5 INDUSTRY: The 12-nation EC is a veritable mine
The European Commission draws attention to the resources waiting to be exploited.
- P. 6 ENERGY: The Twelve decide to save electricity
A 4-year action programme is launched.
- TRADE: Wanted: young executives for Japan
The deadline for ETP applications is September 1.
- P. 7 CULTURE: "Yes" to a European market for books
The Twelve propose specific measures to promote books and the arts.
- P. 9 OPINION POLL: Europeans love Europe
They continue to view their membership of the Community favourable.

Mailed from: Brussels X

Europe for all

VAT: New strategies to eliminate frontiers

The European Commission's latest proposals.

One of the most difficult issues confronting the European Community has proved to be the level of VAT rates and excise duties in the post-1992 single market. In order to end the deadlock over this issue, the European Commission sent the Twelve on May 17 a revised version of its initial proposals of August 1987. The goal remains unchanged, however: it is the approximation of VAT rates and the excise duties on alcohol, tobacco and petrol, in order to eliminate controls at the European Community's internal borders.

Since nearly two years the discussions between ministers and senior civil servants of the Twelve, over the Commission's initial proposals, have shown just how sensitive the governments are to the whole subject. The deadlock is almost total in fact between those who refuse to reduce their taxes, in order not to lose much-needed income, and those who are reluctant to raise tax rates because they fear a hostile reaction from the electorate or an eventual rise in prices.

The European Commission has decided to make it easier for the Twelve by proposing solutions likely to result in a soft landing. The Commission is proposing, to begin with, a transitional period, which would begin on 1 January 1990 at the latest and end on 31 December 1992.

During this period the Twelve would approximate, on their own initiative, their VAT rates and excise duties, even while simplifying the border controls linked to the payment of these taxes. At the same time the duty-free limits would be raised. EC residents would be able to bring in goods worth ECU 800* as from 1990 and ECU 1,600 as from 1992, as compared to ECU 350 at present and ECU 390 from July 1.

The Commission is also asking the Twelve to set the normal minimum VAT rate, in place of the 14 to 20% band it proposed two years ago. The reduced VAT rate would remain within the 4 to 9% band, although Member States that wanted to maintain the rate at zero for certain socially sensitive items could do so. Britain, Ireland and Portugal have zero rates of VAT on food and children's clothing.

Finally, the European Commission no longer envisages Community rates in the case of excise duties; it now favours bands or minimum rates, according to the products involved.

* 1 ECU = UK£0.65 or IR£0.78.

A PEOPLE'S EUROPE: The right of residence cannot depend on the quality of housing

The Court of Justice strikes down the discriminations contained in a German law.

The family of a migrant worker will no longer run the risk of expulsion from Germany because it is badly housed. The European Community Court of Justice has just condemned the Federal Republic for having made the renewal of the residence permit of a family of migrant workers from the EC dependent on their obtaining suitable accommodation for the entire length of their stay, and not simply at the time of their arrival in Germany.

When Italians resident in Bavaria complained to the European Commission that the local authorities were challenging their right to remain in Germany, the latter took the view that a Member State can check on the housing conditions of a migrant worker's family, but only at the time of arrival. The German government maintained that, for reasons of public order, the checks could be carried out as long as the family remained in the country, and in particular every five years, at the time of the renewal of the residence permit; Bonn in fact invoked an EC Council regulation of 1968 in this connection.

But for the Advocate General, Jean Mischo, Germany was clearly discriminating between its own citizens and those from other Community countries. He held that a national of an EC country who did not have decent accommodation in Germany could not be expelled, or refused a residence permit, given that such a measure did not apply to Germans.

Mr Mischo argued that "the family of the migrant worker must be treated on the same basis as the citizens of the country it finds itself in; the only sanctions that can be employed against it are those which the law provides for German nationals who violate the same rules." The Advocate General was followed by the Court, which held that the measures to be taken must be the same for everyone, especially as regards rehousing. Different measures would be contrary to the aims of the 1968 regulation: facilitate the free movement of the members of a family and their reunion.

SOCIAL: Twelve basic rights for the Twelve

The European Commission sends the European "summit" a social charter.

The European Commission wants the European Community to recognize that workers in general, and the most vulnerable categories in particular, have certain minimum social rights in the single market. To this end it has proposed a social charter for the EC to the Community's heads of state or government, who will be gathering for their "summit" meeting in Madrid at the end of June. The Commission is concerned that the completion of the single market could mean less social protection. It wants to see to it that all Europeans enjoy significant gains as a result of "1992".

Presenting the draft charter in Brussels on May 17, the European Commissioner for social affairs, Mrs Vasso Papandreou, declared that "Europe cannot be built with a disregard for the views of either business or workers - or its citizens; it needs the full participation of all social groups."

The Commission's text lists 12 basic rights, the first of which is more a principle than a right - the improvement of living and working conditions. It is already enshrined in the Treaty of Rome, the Community's "Constitution". This is also the case as regards two other rights: the free movement of workers and the self-employed throughout the Community and equal treatment for men and women.

The draft Charter includes the right to a decent wage and fair wages for all workers, whatever their professional status. It provides for the right to social protection, regardless of the size of the company, for those with jobs, as well as a minimum income for the jobless. Other rights listed by the European Commission include the right to health protection and safety at work, as well as the right to vocational training.

The Charter reaffirms the right to belong to a trade union, or to stay out, and to take strike action, or not. It also provides for the worker's right to information, consultation and participation in the company which employs him - a formula that is proving highly controversial.

The Commission's draft would set the minimum age for gainful employment at 16 years. This would represent an advance over the present situation in some EC countries, where employers can take on children who are 12 or 14 years of age.

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Finally, the Commission has proposed the right to a minimum income for the elderly and the right to specific measures for the vocational training of the handicapped.

The Commission has asked the Madrid summit to adopt this draft social charter; it would then submit a definitive text for the December summit, to be held in France. The Commission would next prepare an action programme containing proposals for concrete measures, which it would submit to the Twelve in June 1990.

This scenario implies the Charter's unanimous approval by the Twelve, which is very unlikely for the moment, especially in the light of the British Government's opposition. If the Charter is not adopted at the June summit, "we will have to assume our responsibilities", according to Mrs Papandreou.

INDUSTRY: The 12-nation EC is a veritable mine

The European Commission draws attention to the resources waiting to be exploited.

The mines to be found in the European Community currently meet only 25% of its needs, excluding fuels. But the Community has very large, unexploited reserves of a variety of minerals, especially since the entry of Greece, Spain and Portugal. These three countries have large reserves of bauxite, chromium, nickel, tungsten and gold.

Greece would become the largest European producer of chromium, were it to exploit fully its mineral resources. The entire Community would benefit, as it must import its requirements from South Africa and the Soviet Union, given the absence of any substitutes. The EC had a trade deficit in minerals of some ECU 3,600mn.* in 1986, which gives an idea of its dependence on outside suppliers.

In several Community countries the mining sector seems condemned to closure, however, together with the universities and technical institutes specializing in mining. The closure of some of the mines in the West is being prompted by the arrival of cheap mineral products from the Third World.

The Commission believes mining production must be encouraged in the Community, through fiscal measures and more flexible administrative procedures, on the one hand, and greater use of anti-dumping procedures on the other. Meanwhile, the mining industry is asking for some ECU 100mn. a year for research, while the Community is providing only ECU 21mn. for the period 1990 to 1992.

* 1 ECU = UK£0.65 or IR£0.78.

ENERGY: The Twelve decide to save electricity

A 4-year action programme is launched.

The 12 European Community countries have decided to follow the advice of experts, who maintain that very substantial savings in electricity consumption are possible. Consumers will be encouraged to use appliances which use less electricity and manufacturers to make them. The Community's energy ministers approved a 4-year action programme on May 11. Each Member State will implement it according to its needs, while the European Commission will coordinate their efforts.

Under the programme government departments will be able to improve the information to consumers; stimulate the development of appliances and equipment which are more effective or economic to use; make it easier to demonstrate new appliances and to provide users with technical advice on the most effective appliances.

During the last 10 years electricity consumption has already fallen by 26% in the case of washing machines, by 16% for refrigerators and by 10% for dishwashers. A 10% improvement in the effectiveness with which electricity is used in the 12-nation Community would make unnecessary the construction of 50 new power stations, whether nuclear or thermal, according to the European Commission.

TRADE: Wanted: young executives for Japan

The deadline for ETP applications is September 1.

Budding European executives who are drawn to trade or marketing, and have at least two years' experience, are welcome in Japan from May 1990 to November 1991. The dates are those of the 10th executive training programme (ETP) organized by the European Commission. It will enable several dozen Europeans to spend 18 months in Japan - some 12 months learning the language and another six with a Japanese company.

Those interested must apply to the consultancy firm of KPMG. The London telephone number of KPMG is 236 80 00 (ask for Ms A. Routledge), the Dublin number 73 55 66 (ask for Mr Ward).

CULTURE: "Yes" to a European market for books

The Twelve propose specific measures to promote books and the arts.

The European Community's ministers for cultural affairs have given themselves two years in which to carry out a series of specific measures to promote books and reading. What is more, they have agreed to find the necessary financial resources for this purpose.

These are among the results of their meeting of May 18, in the course of which they examined in detail a communication from the European Commission. This contained an action programme aimed at gradually bringing about a frontier-free Europe for books. It will be an essential element of the Community's activities in the cultural field, conducted in parallel with the action programme devoted to the audiovisual sector, MEDIA.

A broad-based agreement in favour of lower VAT rates on the distribution and sale of books - preferably between zero and 6% - emerged from the discussion among ministers. It takes into account the economic impact of books and the need to provide fiscal support.

As for copyright, an essential instrument of cultural policy, the subject is a complex one, even if its objectives and implementation contain indispensable cultural aspects. Copyright was the subject of a Commission Green Paper in 1988. The discussion will be continued and extended, especially as regards the duration of copyright for broadcast material, publications, public lending rights and photocopying.

Concrete measures

The cultural ministers accepted the Commission's proposal for two literary prizes, including one for the best translation of a literary work, to be awarded each year in the city chosen as the European cultural city for the year. The details of these prizes will be finalized before the end of this year.

The following cities have already been designated as European cultural cities: Dublin - 1991; Copenhagen - 1994 and Luxembourg in 1995. Paris is this year's cultural city. The title will pass to Glasgow in 1990.

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Other activities to be undertaken include:

1. The preparation of a guide for authors and translators, containing information on their legal, social and fiscal status in the various EC countries.
2. The regular publication of statistics covering the book sector, according to a 4-year programme (1989-1992).
3. The creation of a European literary prize and a prize for the best translations of literary works.
4. The implementation of pilot projects to provide financial support for translations of contemporary literary works.
5. The award of scholarships and travel grants for training in the translation of literary works.
6. The conservation of books printed on cheap paper and the use of more "permanent" paper, as well as the creation of a computerized network linking libraries throughout the EC.
7. The preparation of a comparative study of the measures used to promote book exports.
8. The launching of a campaign to encourage the European public to take an interest in books and reading.

Computer-based cooperation between libraries

The Commission has submitted to the Council of Ministers the draft of a plan of action at Community level, aimed at library cooperation based on the use of information technology. It has the following objectives:

- * the availability and accessibility of modern library services throughout the Community, taking into account existing geographical discrepancies in access to libraries;
- * a more rapid, but orderly and cost-effective, penetration of new information technologies in libraries;
- * the standardization, in view of its practical consequences and economic impact; and
- * harmonization of national policies for libraries.

This plan should be introduced as soon as possible, for a 5-year period.

OPINION POLL: Europeans love Europe

They continue to view their membership of the Community favourably.

1992? Three European Community citizens out of four know about the single market of 1992, thanks to the media, while 55% of them back its completion, convinced that it is a good thing. Only 8% of those polled regard the single market as something bad and another 38% are either indifferent to it or at a loss for a reply. Some 64% await the completion of the single market with hope, as against the 25% who are fearful. Their fears are almost certainly due in part to the somewhat alarmist manner in which some of the media have sought to warn public opinion of the country's unpreparedness to meet the deadline for one or other sector.

Europeans seem satisfied on the whole, therefore. The slight dip in Germany, Luxembourg and the Netherlands, countries that are traditionally "pro-European", in the perception of benefits obtained by EC membership, is more than off-set by the notable increase in support for West European unification in Britain. Some 70% of the British now favour unification, as against 61% six months ago, and a Community average of 80%. Even the Danes, traditionally reluctant about EC membership, are for unification: 56% of them favour it, while 35% oppose it.

A more detailed look at the poll results shows that 65% of those interviewed in Britain viewed the eventual adoption of an EC Charter of fundamental social rights as a good thing, although Mrs Thatcher's government is strongly opposed to it. It is on environmental issues, however, that the poll results are the most striking. Nine Europeans out of 10 think that the Member States should agree on common rules for the protection of the environment. Pollution knows no frontiers - but the existence of frontiers only helps spread pollution.