



a newssheet for journalists

Weekly n° 5/90

5 - 12 February 1990

S U M M A R Y

- P. 2 CARS: Consumers also should enjoy the benefits of the single market
But violations of the EC's competition rules are only too frequent in this sector.
- P. 3 VOCATIONAL TRAINING: Employers and trade unions agree on ...
... common principles and guidelines for 1992.
- P. 4 AIR TRANSPORT: The European Commission wants to be in the pilot's seat ...
... when air traffic rights for EC airlines are negotiated with third countries.
- P. 5 AIR TRANSPORT: ECU 250mn. for AMADEUS
The EIB will finance the computerized, pan-European travel information system.
- P. 6 SMEs: The European Commission simplifies rules for state aid to smaller businesses
More of them will get the European green light.
- P. 7 INFLATION: Up 5.4% in 1989
The final figure for the 12-nation Community.
- P. 8 TECHNOLOGY: Extending exchanges between students, professor and executives ...
... to Switzerland, Austria and the Nordic countries.

Mailed from: Brussels X

CARS: Consumers also should enjoy the benefits of the single market

But violations of the EC's competition rules are only too frequent in this sector.

"Most manufacturers and distributors are only too happy to pass on to buyers the cost of equipment required by European Community directives, such as appliances to reduce air pollution. It is all the more regrettable, therefore, that they do not show the same enthusiasm in passing on to their customers the benefits of the single market." The European Transport Commissioner, Karel Van Miert, is also responsible for consumer protection, and he clearly did not mince his words when he visited Brussels' motor show, the Salon de l'automobile.

True, he had in mind the study on EC car prices, which concluded that so great were the differences from one Community country to another that buyers often had the impression of being taken for a ride. The study was carried out by the Bureau of European Consumer Unions (BEUC), on behalf of the European Commission. Mr Van Miert announced that the Commission was launching an exhaustive enquiry and would take suitable measures, if necessary, to ensure that Community law was respected.

The BEUC study makes clear that the regulation governing the distribution of motor vehicles is not being applied as it should be, especially as regards the prices quoted in the different Member States. These vary greatly and in some cases the differences are well in excess of the maximum authorized, which is 12%. As for car manufacturers, the least that can be said is that not all of them have adopted the philosophy of the single market and take advantage of the fragmentation of the car market, by playing on the differences between virtually identical models. Distributors, for their part, often refuse to sell cars to foreign buyers who will export them to another Member State.

This situation, which is quite incompatible with Community legislation, is obviously against the interests of buyers, who see themselves deprived of the benefits of the emergent single market. Being unable to obtain detailed information on the real differences in price and quality, they are not in a position to buy a car wherever in the Community they like, as is their right. This does not take into account the fact that all these administrative measures, artificial differences, refusal to sell and substantial differences in price are contrary not only to the interests of consumers but also the free play of competition, the emerging single market and, in the last resort, to the competitiveness and health of the European car industry.

VOCATIONAL TRAINING: Employers and trade unions agree on ...
... common principles and guidelines for 1992.

In the single European market all young people will receive vocational training leading to a genuine professional qualification. Both employers and trade unions in the 12-nation European Community are agreed on this, as well as on their participation in the task of setting up training programmes, within companies and at the level of the national or regional educational system. A text along these lines was adopted jointly in Brussels on January 29 by the European employers' organizations, UNICE, representing the private sector, and CEEP, the public sector; the European Trade Unions Confederation (ETUC), to which nearly all national trade unions belong, and Mrs Vasso Papandreou, the European Commissioner for social affairs.

Trade unions, employers and the European Commission all regard a basic education and good vocational training as indispensable in the light of a Europe that is at one and the same time "competitive, social and united". In practice, they feel that each company manager must consult and inform his workers and the trade unions on the company's training schemes. They also want their organizations to be associated with the drafting of teaching and national and regional vocational training programmes, especially those which receive funds from the European Community.

European employers' and trade union organizations have decided to distribute their joint text in all the regions and professional branches of the 12-nation Community, so that it may serve as a point of reference in all negotiations between employers and workers and between professional bodies and governments.

Not content with this, both employers and trade unions have begun work on another agreement on the creation of a genuine European labour market in the context of 1992. In this connection, both take the view that the Commission has kept its promise of a year ago to associate them in the preparation of Community legislation relating to the social aspects of the single market.

AIR TRANSPORT: The European Commission wants to be in the pilot's seat ...

... when air traffic rights for EC airlines are negotiated with third countries.

The gradual introduction of a single market in air transport is bound to affect relations between the European Community and non-EC countries. This has prompted the European Commission to ask the 12 EC countries to turn over to it, between now and 1993, their power to negotiate air traffic rights with third countries. The Commission would negotiate in the name of the Community, and proposals to this effect have been submitted by the Transport Commissioner, Karel Van Miert, Commission Vice-Presidents Andriessen and Marin, and Commissioner Abel Matutes, who is responsible for North-South relations.

The Commission has decided, therefore, to take the necessary measures to this end, measures which consist basically of the three following elements:

- * Establishment of the Community's competence for international agreements regarding international civil aviation, with provisions for an authorization and consultation procedure governing the bilateral relations between Member States and third countries in this field and fixing the characteristics of a transitional period up to 31 December 1992.
- * Establishment of the Community's competence as regards cabotage - the carrying of passengers and freight between two points within the same country - and the principle of Community concertation as regards new air traffic rights which third country airlines might enjoy.
- * A decision to open negotiations with the six European Free Trade Association (EFTA) countries for an agreement with them on regular air links.

"In negotiations with third countries, the Community's weight will enable it to obtain far better results than at present", Mr Van Miert has pointed out, adding: "Europe's skies are much more open to foreign competition at present than those of the other major industrialized countries to European competition."

The 12 EC countries have concluded nearly 600 agreements in all with third countries in recent years. However, this fragmentation is against them, given that these bilateral agreements allow 40 foreign airlines to fly 101 European routes without any real compensation.

(Contd.)

(Contd.)

A single example, that of the United States, will show the scale of the problem. Thanks to agreements between Washington and the various European capitals, U.S. airlines enjoy some 18 cabotage arrangements, while European airlines enjoy no such advantages in the United States, with the exception of a few links between the American continent and Porto Rico.

"The Commission's goal is not to restrict the rights enjoyed by third countries", according to Mr Van Miert, "but to ensure that European airlines have the same opportunities as their competitors in international skies. It really is not in the interest of the Twelve to play off one country against another."

But will the Council recognize this and agree to transfer the national sovereignty sought by Brussels? The Twelve will be able to manage the bilateral agreements they have already concluded until their expiry, especially as the Commission is not in a position to take charge at once of the 60 or so agreements each EC country has concluded on average. But sooner or later it will be necessary to accept the idea of a single pilot.

AIR TRANSPORT: ECU 250mn.* for AMADEUS

The EIB will finance the computerized, pan-European Travel information system.

AMADEUS, installed in 1987 by four airlines - Air France, Iberia, Lufthansa and SAS - will provide travel and transport companies a centralized information and sales system covering the services offered by them: air and rail travel, hotel accommodation, car rentals and package holidays. There will be substantial savings in costs, while travel agents will have at their disposal an information and reservation system as well as a management tool dealing with both customers and accounts.

The investments cover the construction of a large computer centre at Erding, near Munich, and a development centre at Nice, as well as the purchase of the necessary computers and software and the establishment of a marketing centre in Madrid.

The European Investment Bank (EIB) has agreed to finance this project for a number of reasons. Based as it is on cooperation between companies belonging to several Member States, it will further European integration and, thanks to the introduction of advanced technology, strengthen the competitiveness of European companies.

* 1 ECU = UK£0.74 or IR£0.77.

SMEs: The European Commission simplifies rules for state aid to smaller businesses

More of them will get the European green light.

To encourage the development of small and medium-sized enterprises (SMEs), which generally create more jobs than big companies, the European Commission decided at the end of last December to simplify the rules governing state and regional aid to them.

In principle, financial aid from the European Community's Member States to companies is banned under the Treaty of Rome, the "European Constitution", on the grounds that it distorts competition between them. Consequently, when Member States envisage providing such aid, they must notify the European Commission and provide it details of the measures they have in mind. The Commission can then decide whether the aid in question will distort competition within the Community. Under the Rome Treaty the Commission can authorize state aid provided it appears neutral, or has a favourable effect in economic development and employment, particularly in areas of high unemployment.

The Commission has taken the view, since several years, that state aid to SMEs cannot, a priori distort competition at the European level, and it has regularly approved such aid, without embarking on an enquiry in due form, which can last weeks. But what is an SME? The Commission decided in 1985 it was an enterprise with not more than 100 people on its payroll and an annual turnover of ECU 10mn.* at most.

The Commission is more generous now. It treats as SMEs all enterprises employing up to 150 people and with a maximum annual turnover of ECU 15mn. However, it now insists that the level of aid must not be too high. What is more, the enterprise in question must meet one of three criteria: where the aid intensity does not exceed 7.5%; when the aid is designed to lead to job creation, it amounts to no more than ECU 3,000 per job created (previously ECU 2,000) and when, in the absence of job creation objectives, the total volume of aid does not exceed ECU 200,000.

All these criteria apply hereafter to regional as well as to state aid. But all aids to exports in intra-Community trade are excluded from these rules as are aids to industrial sectors covered by specific Community policy statements - steel, shipbuilding, synthetic fibres, motor vehicles - and agriculture, fisheries, transport and coal.

(Contd.)

(Contd.)

As regards aid approved by the Commission before its decision of end December, the national or regional authorities in question can extend them in time if the sums granted do not increase by more than 20% or when the conditions to be met in order to secure aid are tightened up.

INFLATION: Up 5.4% in 1989

The final figure for the 12-nation Community.

The 12-nation European Community had an inflation rate of 5.4% last year, according to Eurostat, the Community's statistical office. While this was below earlier estimates of 5.5%, it shows inflation to be on a rising trend: it was 4.4% in 1988, 3.4% in 1987 and 2.8% in 1986.

Prices rose throughout the Community in 1989, with the exception of Portugal, where they fell slightly in relation to 1988, and the Netherlands, where the rise was minimal. Prices were at their most stable in the Netherlands, where they rose by 1.3%. Germany recorded a rise of 3%, Belgium and France of 3.6%, Luxembourg of 3.9%, Ireland of 4.6% and Denmark of 4.8%. Everywhere else price rises exceeded the Community average; they amounted to 6.4% in Italy, 6.9% in Spain, 7.7% in Britain, 11.6% in Portugal and 14.8% in Greece.

Prices rose less rapidly in the European Community's main trading partners. They went up by 4.6% in the United States, 2.6% in Japan, 5% in Switzerland, 2.9% in Austria and 5.1% in Canada.

* 1 ECU = UK£0.74 or IR£0.77

TECHNOLOGY: Extending exchanges between students, professors and executives ...

... to Switzerland, Austria and the Nordic countries.

Students, professors and company executives from the 12-nation European Community can undergo training from the beginning of this year in the countries of the European Free Trade Association (EFTA: Austria, Finland, Iceland, Norway, Sweden and Switzerland). At the same time, students, professors and executives who are also specialists in technology from the EFTA countries can train in a Community country.

This is because the COMETT programme of exchanges between universities and business, launched in 1987 and restricted so far to nationals of EC countries, entered its second phase on 1 January 1990. But the EC Council of Ministers decided on 22 May 1989 that non-Community countries would be able to take part in the second phase.

Thanks to COMETT, the Community grants scholarships to students and teachers to enable them to spend a few months with a company, whether large or small. In the same way, company executives can teach or study in a university. COMETT also subsidizes the launch of university-business associations, in order to facilitate the organization of in-house training and draw up training programmes in the new technologies. As for the participation of nationals of EFTA countries, it is financed by contributions from the countries in question.

Organisms and individuals wanting to take part in COMETT this year will have to hurry. The closing date for applications is 28 February 1990. All the necessary information may be had from the COMETT technical aid unit at the following address: 71 avenue de Cortenberg, B-1040 Brussels, Belgium. You may also contact the COMETT information centres in Britain and Ireland:

Miss E.M.A. Moss
Department of Education and
Science - Room 6/7A
Elisabeth House, York Road
London SE1 7PH

Tel.: 44/1-934.96.54 or 934.93.85
Tlx : 23171 DESLON
Fax : 44/1-934.90.82

Mrs Grainne
NI UID EOLAS
The Irish Science and
Technology Agency
Glasnevin, Dublin 9

Tel.: 353/1-37.01.01
Tlx : 32501 OLAS EI
Fax: 353/1-37.96.20 or 37.01.72