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CONSUMERS: Six principles for cross-border bank transfers

The European Commission's recommendations to banks.

"We will not be satisfied until it is as easy to transfer money between European Community countries as it is within a Member State. Bank transfers should be as easy between Paris and London as between Paris and Strasbourg, or between Rome and Frankfurt as Rome and Milan." The speaker was Sir Leon Brittan, the European Commissioner for financial institutions, and he was presenting the European Commission's recommendations to the banks, adopted on February 14.

Anyone who has tried to transfer money from one EC country to another knows that cross-border transfers can be both slow and expensive. Bank charges can exceed the sum transferred, if it is a small one. The Commission, not surprisingly, has asked banks and post offices to respect six principles which offer their customers certain minimum guarantees:

* Banks should provide clear, readily understood general information on how such costs as commission percentages and transfer charges are calculated.

* Details of charges and fees should be provided for each transfer.

* Customers must be told that costs can be charged either to the person making the transfer or to the beneficiary.

* A customer should have the right to a refund if his transfer order has not been handled within two working days.

* The bank receiving the funds should credit the beneficiary's account not later than the working day following their receipt.

* Banks should set up a rapid complaints procedure.

The European Commission has also asked each Member State to set up an independent body to deal with complaints from customers. All complaints to banks which had remained without answer or remedial action for three months would be referred to this body.

The Commission has preferred a recommendation to binding rules because it feels that the obstacles to cross-border transfers can only be eliminated progressively, while too strict a control would only add to the cost of "European" transfers.

REGIONAL POLICY: Pilot projects for urban regeneration
London and Marseilles to receive Community funds.

Many of Europe's largest and most beautiful cities are showing signs of urban decay, the result in some cases of economic decline. As many of them are not automatically entitled to help from the European Community's Regional or Social Funds, the European Commission took the initiative last year to invite the cities of London and Marseilles to submit innovative pilot projects of urban regeneration. It has now decided to co-finance a number of pilot actions, costing a total of ECU 20.2mn*. The Commission is contributing ECU 9.1mn. in all, including ECU 5.1mn. for London. The funds will be provided by the Regional Fund over a 2-year period. A contribution from the European Social Fund, to co-finance training costs, is under study.

"These co-financed schemes represent a modest contribution, but one which the Commission believes will have an impact beyond the localities concerned, since many cities share the problems of London and Marseilles and should be able to benefit from the experience gained", the European regional policy commissioner, Mr Bruce Millan, has pointed out.

The Commission intends, therefore, to extend these pilot projects to other cities, some of which have already submitted projects. What is involved is nothing less than a new approach to urban problems, in consultation with national authorities and the Commission. The main goals are the introduction of economic activity into public housing estates, the restoration of derelict land, improvements in the environment and the better use of space. Other important goals include extending to local communities the employment and other benefits of the activities of growth sectors in their localities, including major development projects which may otherwise pass them by, and developing the economic potential of members of ethnic minorities.

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It is hoped in this way to avoid the unbridled speculation, with large-scale expulsion of the older residents, which is a growing feature of large European cities. The eight areas targeted in inner city zones in London are Brixton, Deptford, Finsbury Park and Seven Sisters, Central Hackney, Kings Cross, Lower Lea Valley and South Canning Town and Custom House areas of Newham, and the northern part of Southwark. Each is a small, discrete area with a population of between 25,000 and 50,000, with a total population of 330,000.

The pilot projects in London include converting garages into workshops and the provision of measures to encourage the growth of small businesses; training of ethnic minorities and the creation of an Arts Technical Centre and computer-aided graphics unit in the Kings Cross area.

The action in Marseilles covers three peripheral housing estates, with a population of about 10,000, as well as two areas near the city centre. The pilot projects involve, among other things, the creation of recreational facilities and better use of space within the estates, with the aim of fostering commercial and economic development; the conversion of ground floor flats with security problems into workshops; actions designed to improve the job opportunities of local residents and the implementation of a project "Cité de la musique", aimed at studying the ways in which music and culture can promote economic development.

* 1 ECU = UK£0.72 or IR£0.77.

TRANSPORT: A single market for air freight is also needed

Transport's poor relation needs liberalizing.

Air freight is only a minor element in the shipment of goods; it accounts for a mere 0.08% of such shipments within the 12-nation Community. The sector is totally regulated, and in so complicated a manner that the regulations often amount to a virtually insurmountable barrier, which freight agents are reluctant to tackle. As air transport is inevitably organized around bilateral air traffic agreements, freight rates are strictly regulated and there is no possibility of cabotage, the transport of goods between two points within another Community country.

In the context of the single market, Community relations are needed for the transport of goods by air within the 12-nation European Community, comparable to those for surface transport. The European Commission has therefore proposed draft legislation for adoption this year, so that it can come into force in 1992. Under this text, all Community operators would have free access to the Community market. The text also sets out the criteria and procedure for setting freight rates. The aim here is transparency. Airlines would have to publish their rates and notify them to the interested Member States. If the latter believed these rates were set too low to guarantee compliance with technical and safety standards, they would have 30 days in which to refer the matter to the Commission.

The Member States in addition would allow Community airlines to carry freight between the Community's various airports, without discriminating between them. The airlines could change aircraft at an airport of their choice in accordance with their needs. An airline could also take on freight in another country, carry goods between countries other than the one in which it is registered and engage in cabotage, although this particular activity would remain subject to national legislation for the present.

The liberalization of the market for services, as the European Transport Commissioner, Mr Karel Van Miert, underlined, comes at a time when this sector is developing rapidly. This is especially the case as regards high-speed transport and the delivery of mail, parcels and perishable goods.

The opening up of this market on a Community scale, thus ending a interlocking mass of complicated national regulations and bilateral arrangements, should provide the flexibility and competition likely to ensure the growth and development of a key sector of the industry.

FINANCE: No European laundering of profits from drug trafficking

The European Commission asks the Twelve to limit banking secrecy.

The completion of the single European market, involving the disappearance of restrictions on capital movements from 1 July 1990, and the elimination of checks at the EC's internal frontiers after 31 December 1992, must not make it easier for drugs barons and other criminal elements to launder their ill-gotten gains. The European Commission is quite clear about this; in fact it is asking the 12 Member States to adopt new Community legislation which would make it a criminal offence to launder money from drug trafficking, terrorism or other crime, especially organized crime.

If adopted by the Twelve the new "law" would impose limits on banking secrecy. Banks and other financial institutions would be obliged to report to the police or legal authorities all financial transactions which they suspected were associated with drugs, terrorism or other criminal activities, but excluding fiscal offences. To this end banks would try to identify customers, whenever they had doubts as to their real identity.

The system proposed by the Commission would explicitly exempt employees and directors of financial institutions from liability or legal proceedings brought against them by a client. The Commission has stressed that its approach would place fewer constraints on banks than the one followed in the United States, where all transactions over $10,000 must be automatically reported to the authorities, even if they are quite straightforward. This is a daunting task, as there are several million transactions a year.

To bé effective, the legislation proposed by the Commission would require staff to be properly trained to identify suspicious transactions. As for the penalties to be imposed on those convicted, they would be set by the national authorities.

The Commission is asking the Twelve to act quickly, by majority vote. It wants the new law to come into force on 1 January 1992.

UNEMPLOYMENT: Clear improvement in 1989
1.2mn. fewer unemployed in the 12-nation Community.

1989 was a good year for employment. The estimated average annual number of unemployed fell by 1.2mn. for the European Community as a whole as compared to 1988. In the two previous years it had come down by one million in all. Unemployment, in other words, is declining at an accelerating pace in the Community, even though the average number of unemployed is still very high - 12.7mn. in 1989, or 9% of all Europeans of working age, as compared to 9.8% in 1988, according to figures published by Eurostat, the Community's statistical office in mid-February.

Last year's fall in unemployment rates benefitted men as well as women and those under 25 years of age as well as their elders in the Community as a whole. But not all EC countries fared in the same way. Unemployment rates fell sharply in Britain and Spain and by more modest amounts in most other EC countries. However, unemployment rose in Denmark and Italy, where it reached levels not seen in the last six years.

The unemployment rate stood at 8.8% for the Community as a whole last December. Luxembourg had the lowest rate (1.9%), Ireland the highest (16.8%).

COST OF LIVING: Differences in price levels remain substantial
Denmark is nearly 2.1/2 times more expensive than Portugal.

Differences in the cost of living between the 12 European Community countries were as sharp in December 1989 as the year before. A basket of goods and services which cost the Belgian housewife 1,000 Belgian francs last December, cost her Danish counterpart the Danish equivalent of BF 1,373 (as compared to BF 1,362 in 1988). Denmark remains, therefore, the most expensive country in the 12-nation Community, according to Eurostat, the EC's statistical office. Portugal, at the other end of the scale, remains the cheapest, the Portuguese housewife having to pay no more than the equivalent of BF 584 for her basket (as compared to BF 573 in December 1988).

The price of a basket of goods has not varied greatly in the U.K., where it fell from BF 948 to 857, because of a cheaper pound in terms of the ECU, the Community's monetary unit. The basket cost BF 1,124 in Germany, BF 1,044 in France, around BF 960 in Ireland, Italy and the Netherlands, BF 906 in Luxembourg, no more than BF 799 in Spain and a mere BF 720 in Greece.

CONSUMERS: Optimism for 1990 ...

... despite some fears of higher prices.

Consumers in the 12-nation European Community have begun the year with a smile. They have confidence in the economy, along with industrialists, in fact, according to a survey carried out at the end of last year for the European Commission and whose results were published in mid-February.

This is not to say consumers plan to turn spendthrift; on the contrary, they plan to show more restraint, especially when it comes to buying consumer durables, such as washing machines and cars, and to save more, a trend already evident last year.

But the picture remains uneven. In some countries - Britain, France and Spain - consumers expect a slowdown in the economy. However, a majority of European consumers fears prices will rise. These fears, which were evident during all of 1989, have been largely justified in recent months. The outlook for 1990 is causing concern in France, Italy, Greece and Portugal, while in Britain consumers are somewhat less pessimistic than a year ago.

Industrialists, too, are displaying optimism. In all Community countries they plan to raise production and invest even more than in 1989, when investment rose by 9% in real terms. They should rise by 10% this year if industrialists carry out their projects, as they largely did in 1989.

Last year investments substantially exceeded the Community average in Ireland (by 31%) and Spain (by 16%). Increases of between 10 and 12% were recorded in Italy, Denmark, Germany and Belgium. This year the most ambitious projects are to be found in Greece (up 28%), Spain (23 percent), Portugal (22 percent) and Belgium (15 percent).

ANIMAL WELFARE: A cause close to the European Commission's heart

Since 1974 it has been in the fight to prevent cruelty to animals.

The European Commission is not the soulless bureaucracy some claim it is. The fact is that outside its economic objectives it is more likely to be concerned with social problems and the protection not only of the environment but also its flora and fauna.

Evidence of this was provided by the European Agricultural Commissioner, Ray MacSharry, when he addressed the European Parliament's Intergroup on animal welfare. He outlined the Community's activities on behalf of farm animals and stressed the political impetus animal welfare issues had received by the adoption in February of the Parliament's resolution on animal welfare policy.

Mr MacSharry noted that since 1974 the Commission had introduced a series of measures aimed at avoiding all forms of cruelty to animals. They included measures on pre-slaughter stunning, on the transport of animals and proposals for Community rules on the intensive farming of pigs and calves.

Fresh proposals are envisaged to increase the protection of animals during slaughter, regulate the protection of animals raised for their fur and look for alternatives to battery hens. Commissioner MacSharry also reminded his audience of the Commission's work in favour of wild animals.