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MONETARY UNION: The stage is set for Act I

The European Community's ministers have taken the necessary measures.

The process which should lead the 12-nation European Community to a single currency will begin on 1 July 1990, the date set by the Community's heads of state and government. The EC Council of Ministers adopted definitively on March 12 two proposals which allows the machinery of economic and monetary union to start up on time.

July 1 will see the start of the first stage of the European monetary union, the only one on which there is unanimity among the Twelve. Although the Community's citizens cannot as yet pay for their purchases in ECU - the European Currency Unit - they will be able to transfer money freely between eight Community countries: Belgium, Britain, Denmark, France, Germany, Italy, Luxembourg and the Netherlands.

In practice, some of these countries scrapped restrictions on such transfers a long time ago. Others have done so in the course of the last few months. They include Belgium, France, Italy and Luxembourg.

The measures adopted on March 12 are hardly dramatic at first sight, but they are indispensable if the 12-nation Community is to be able one day - which has yet to be fixed - to enjoy a common currency. The Twelve in fact have undertaken to adopt convergent economic policies, while their central banks (Bank of England, Bank of Ireland, etc.) will cooperate more closely with each other than in the past.

During Act I of monetary union the currencies of the Twelve should move closer together as regards their exchange rates. This implies the entry into the European Monetary System (EMS) of not only the pound but also the Portuguese escudo and the Greek drachma. The Twelve should meet before the end of the year to decide on what comes next.

ENVIRONMENT: 9 European states undertake to save the North Sea

The European Commission will translate their political commitments into reality.

How is the world's most polluted sea to be saved? For the experts, who have been tackling the problem for a long time now, the answer is self-evident: we must stop polluting the North Sea as a matter of priority. The ministers of eight countries which border on the North Sea (Belgium, Britain, Denmark, France, Germany, the Netherlands, Norway and Sweden) have just taken an important step in this direction.

They decided, at a conference held in The Hague on March 7 and 8, to reduce by 70% discharges at sea of four especially hazardous substances: dioxine, mercury, cadmium and lead. The ministers also undertook to reduce by half discharges into rivers of 32 toxic substances by 1995, as well as discharges into the atmosphere of 13 of them. The only setback was represented by Britain's refusal to stop discharging sewage and sewage sludge into the North Sea before 1993. Britain in fact is the only country bordering the North Sea to do so.

Mr Carlo Ripa di Meana, the European Environment Commissioner, told the conference that these political undertakings should be rapidly translated into reality. It is high time that the North Sea ceases to be the rubbish bin of the industrialized countries that border it. The Commission will do all it can to ensure that the Community's environment ministers finally adopt the Community directive on the protection of fresh, coastal and sea waters.

The Commission, which is giving top priority to environmental protection, hopes in this way to provide a breathing space for marine life in the North Sea. In early 1993 another conference on the theme of protecting the North Sea will bring together the agricultural ministers of the countries which border it.

UNEMPLOYMENT: A fresh fall in January

The European Commission is optimistic.

There was a further fall in unemployment in the 12-nation European Community in January. The downward trend is virtually Community-wide, with youth unemployment declining faster than the average. This good news led the European Commissioner for economic affairs and finance, Henning Christophersen, to announce in early March that it was now possible for the Community to bring to a halt within a few years the massive unemployment it has known since the end of the 1970s. The task will be made easier, in his view, because of the greater coordination of the economic policies of the Member States in the run-up to the single market and the opening up of new markets in Central and Eastern Europe.

The Community's statistical office, Eurostat, has estimated the EC's seasonally adjusted unemployment rate for January at 8.6%, as compared to 8.7% for the previous month. Unemployment rates fell or were static in all Member States in January, according to Eurostat, which now uses the International Labour Office definition. Even so, unemployment remained at the same level in Britain, Ireland and Luxembourg and rose slightly in the Netherlands.

In the six months since last August the unemployment rate for the Community as a whole has fallen from 8.9 to 8.6%. The rate for young people under 25 years of age has fallen more steeply, from 17.2% in August 1989 to 16.3% in January. What is more, youth unemployment has declined in all EC countries without exception.

ENVIRONMENT: Towards a cleaner steel industry

The European Commission will finance "green" investments.

For the first time in the history of the European Coal and Steel Community, established in 1950, European Community loans to steel companies will be subjected to "ecological" conditions. The European Commission decided in early March to grant loans only to those companies which are committed to introducing clean technologies.

For the Commission, the steel crisis is now over and the industry stands in need both of innovation and better vocational training. It is looking to see how it can help in both areas.

CONSUMERS: The EC Court rules in favour of transborder advertising ...

... even when it contravenes national legislation.

Of what use is a common market if you are not free to do your shopping in a neighbouring country? The European Community's judges take the view that this freedom is compromised if those living near one of the Community's internal borders cannot receive at home advertisements published just across the border from them. The Court of Justice in Luxembourg therefore ruled in favour of the GB Supermarket in the Belgian town of Arlon, close to the country's frontier with the Grand Duchy of Luxembourg, which had distributed leaflets announcing a special promotional offer to the Luxemburgers.

The leaflets upset shopkeepers in the Grand Duchy no end, mainly because they both indicated the length of time the offer would be open and gave both the new, lower price as well as the old one. Such price comparisons are allowed under Belgian legislation but are banned in Luxembourg. The confederation of Luxembourg traders therefore took the Belgian supermarket to court, and won its case before both the local tribunal and the Court of Appeal. The Belgian supermarket took its case to the Court of Appeal in Luxembourg, arguing that the Grand Ducal legislation amounted to a restriction on imports and, as such, contravened the Treaty of Rome, the Community's "Constitution".

The Court turned to the EC Court of Justice for clarification. The latter was in no doubt: it turned down the argument in defense of consumers invoked by the government and shopkeepers of Luxembourg. The European Court held that you cannot protect consumers by preventing them gaining access to information. It noted that the right to information is one of the key elements of the European Community's consumer policy and that price comparisons may be made in every Community country - except Luxembourg and Germany.

CARS: European cars on the 1992 motorway

There is a place for European car manufacturers on the global chessboard.

Japanese competition presents European car manufacturers with a real problem. A study carried out by an American institute revealed that in 1986-87 new cars from the best European factories had as many defects as cars produced by the worst Japanese plant. It was discovered that on average European cars had twice as many defects as Japanese ones. In addition, it took the Japanese one third the time to produce a new model.

For Sir Leon Brittan, the European Competition Commissioner, nothing is to be gained by shutting the European market to Japanese cars. On the contrary, it is necessary to create a single market, in order to eliminate the present rigidities and compartmentalization, which handicap the European car industry. To this end Sir Leon has proposed a series of measures aimed at revitalizing this sector during a transitional period.

The European Community will help the industry in six ways. The Commission has proposed measures to end the technical and administrative barriers to the realization of the single market; the clean car is already on the way; state aid to the car industry is and will be strictly controlled, in order to ensure that competition between European manufacturers is not distorted; even greater emphasis will be put on research and development (the Japanese spend more on R&D than all the EC countries put together); more effort will be devoted to vocational training and, finally, the Community will encourage European manufacturers to recognize that they are capable of recovering the lead they enjoy in car manufacture.

For Sir Leon, optimism is the order of the day. If European industry only grabs the wheel solidly in both hands, it will discover that the motorways of 1992 belong to it. The European Commission, for its part, will signpost the roads in order to prevent accidents.

AGRICULTURE: Bigger apples in the Community's grocery shops ...
... thanks to upgrading by the European Commission.

The apples on sale in the European Community will be somewhat bigger as from this spring - and not because of the greenhouse effect. The fact is the European Commission decided at the end of February to ban the sale of apples which are a mere five centimetres (two inches) in diameter and to up-grade virtually all varieties of apples. The measure therefore covers fruit produced in the Community as well as imports.

The Commission's aim is to help reduce the surplus. Since the last two years the Community has taken measures to discourage overproduction of apples. The decision to withdraw small-sized apples from sale should prevent a fall in prices for producers.

The Commission introduced a similar ban last year but on an experimental basis. The results clearly were satisfactory.

THE REGIONS: A border-free Europe in the making ...
... in a region where three frontiers meet.

The Community-wide single market may be some ways off yet, but in the region where France, Belgium and Luxembourg meet, national borders have practically disappeared already. Since 1986 this three-frontier European development pole has brought new life to the 600 ha (roughly 300 acres) industrial zone around Aubange (Belgium), Longwy (France) and Petange (Luxembourg). The region is being specially aided by the European Community until the end of the year, and the European Commissioner in charge, Bruce Millan, paid a visit to the region on March 8 to see the changes for himself.

This initiative, which is being funded by the three countries concerned as well, has made it possible to improve road links, develop vocational training and stimulate new technologies. It should be continued for several years and serve as an example to other border regions facing difficulties within the 12-nation Community.

A PEOPLE'S EUROPE: It is not easy to be a pensioner abroad ...
... and want to drive your car.

Life can be difficult for pensioners who decide to retire in another European Community country than their own - and drive their own car. Take the case of the two Belgians who wanted to live in France. It was raised by the Belgian Euro-MP, Fernand Herman, in a question to the European Commission, and is a good example of a Community which has not entirely done away with its internal borders.

In order to reside in France the two Belgian pensioners must each year both prove they have enough money to live on and pass a medical examination. Only after they have successfully passed both hurdles will they receive a residence permit, valid for one year.

Retired people, together with students and those of independent means, do not as yet have an automatic right of residence in another Community country; their residence is governed by the national laws of the host country. The EC Council of Ministers reached agreement last December on a "European law" which would allow pensioners throughout the European Community to reside in the Member State of their choice as from July 1992; but it awaits definitive adoption by the Council - hopefully, during the course of the year.

As for cars, the single market in motor vehicles is not yet complete; each Member State gives the authorization to drive a car with its number plates in accordance with its own rules. The French authorities, according to Mr Herman, require the weight of the car to be shown on a plate embedded in the body and made of the same metal as that used on French cars. The Commission is of the view that a Member State can require that vehicles imported from its EC partners meet the same formalities as vehicles sold within its borders; but the requirement that the metal used be of a certain kind is incompatible with the rules of the European game.

The car remains one of the more difficult aspects of the 1992 project and its solution probably lies ... by way of Tokyo (see also page 6).