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INTERNAL MARKET: Britain and Denmark head of the "Class of 1992"

The Commission claims work on building the single market is coming along well.

With 31 December 1992 less than three years away, Britain and Denmark have incorporated the largest number of "Community laws" into their national legislation: 77 out of a total of 90 Community directives already in force by the end of this February. Germany is not far behind, with 75 pieces of legislation. France, Ireland and the Netherlands have an honourable record in this matter, with 68, 67 and 63 pieces respectively, while three countries close to the Community average are Luxembourg (58), Spain (55) and Belgium (53).

At the bottom of the "Class of 1992" are to be found Greece (46) and, trailing well behind everyone else, Portugal (37) and Italy (36). Even so, the European Commission is not altogether unhappy with the way in which the Twelve are implementing the 1992 programme. In its fifth annual report on the realisation of the single market, published in mid-March, it concludes that the Member States have made progress in this field since the beginning of the year.

The Commission nevertheless had to be firm with them. It reminded them at the end of last year that it was not enough to adopt Community legislation; if they then failed to incorporate it into their national legislation the single market would be unable to open its doors on time. The Member States seem to have taken the warning to heart.

The European Commission, for its part, has almost finished the bulk of its work for "1992". It has already submitted 287 proposals for "Community laws". A mere five pieces of legislation remain to be drafted. The Twelve have already adopted half of them (143) definitively and another 15 in part. All these "Community laws" do away with the frontiers between the Member States in a variety of fields, including banking, finance, transport, mutual acceptance of diplomas and technical standards.

The Commission has noted in its report that European companies also are getting ready for the single market. They are investing heavily both at home, elsewhere in the Community and in non-EC countries, where their investments are bigger than those of third countries in the 12-nation Community. In addition, company mergers and acquisitions as well as reorganizations are the order of the day. Trade between the EC countries has also picked up; it had declined at the end of the 1970s and in the early 1980s.

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And what of the Community's citizens? They have already benefitted from the 8.5mn. new jobs created in the EC since 1984. However, they may not witness the emergence of the single market on the date set for it. Doing away with checks at the Community's internal frontiers is proving difficult. The Community has few powers in this sector and the Twelve must essentially use traditional diplomatic channels.

The EC's heads of state and government have already affirmed, at three of their summit meetings, their commitment to a Europe without frontiers. Their ministers and administrations have not followed suit, however. The European Commission has warned them in its report that any further delays could mean failure to meet the 31 December 1992 deadline.

The Commission has pointed to two areas, in addition to the free movement of people, in which the 1992 project is taking shape at snail's pace. They are taxation and health regulations for plants and animals.

When it comes to taxes, whatever their nature, governments have a tendency to keep control of the purse strings. As a result, the harmonization of VAT rates and excise duties on alcohol, tobacco and petrol is still pending, together with the elimination of VAT formalities for goods worth more than ECU 390* that people returning from other EC countries bring back with them. An end to the double taxation of companies' operation in different countries remains on the shelf.

The Commission believes that 1990 will be a make or break year for 1992.

* 1 ECU = UK£0.72 or IR£0.77.

CONSUMERS: Shops are staying open longer than ever before

The trend to longer opening hours is evident throughout most of the EC.

Shops are staying open longer in nearly all the European Community countries. Many no longer close during the lunch hour and some are even open on Sundays, according to a survey of the retail trade carried out on behalf of the European Commission last year in eight countries - the Twelve less Denmark, Greece, Ireland and Luxembourg.

The results, published in mid-March, show that opening hours have lengthened everywhere except in Belgium and Germany, with the most striking developments to be found in Britain, France and Italy. In 1989 shops were open 53 hours per week on average in the European Community, with shops in Britain open 58 hours and those in France 56 Hours. The Netherlands (52 hours), Belgium and Portugal (51 hours) were just below the average, while the shortest opening hours were in Italy (49 hours), Germany (48 hours) and Spain (45 hours).

In nearly all European countries shops are able to extend their opening hours by taking on more staff, usually on a part-time basis. This had made it possible to keep the number of hours worked per week at 38-40. Spain and Portugal are the only exceptions; here employees in the retail trade work on average 43 and 44 hours per week respectively.

Why don't European shops, large and small, have longer opening hours? Firstly because of administrative rules, especially in the Netherlands, Italy and Belgium. Lack of demand is the second major reason, cited mainly in Germany and Portugal. Added costs is another reason, especially in Germany, Italy and the Netherlands.

The trend to longer opening hours should continue in the next two years, especially in Britain and Italy, although at a slower pace.

TELEVISION: European HDTV moves out of the laboratories

The EC Commission hosts a conference to launch VISION 1250.

VISION 1250 is a European Economic Interest Grouping (EEIG) which will set up and manage a comprehensive range of fixed and mobile high-definition television (HDTV) facilities, produced to European standards. It will make them available to European producers, programme-makers and TV professionals within the European Community. In other words, VISION 1250 will provide the means for the creation of high-quality film or TV productions in high definition. It will also organize demonstrations worldwide of all the components of a HDTV system operating to European standards, from studio equipment through transmission to consumer reception and recording.

HDTV equipment manufacturers, broadcasters, independent producers of films and TV programmes and other audiovisual professionals met in Brussels at a conference hosted by the European Commission on March 16. They gave themselves exactly a month in which to put into effect their intention to join the new EEIG. The fact is time is running out. It is the Japanese firm Sony, and not the EEIG, which will demonstrate its high-definition equipment during the 125th anniversary of the International Telecommunications Union (ITU) in Geneva on May 13. The ITU, which initially favoured a demonstration of European HDTV equipment, had to give up the idea because of the "conditions and prohibitive prices" asked of it. Although the Japanese offered to demonstrate their equipment free of charge, the ITU remains steady to put both systems on display, should the Europeans change their mind.

European HDTV could still recover the lost ground; but it will not always be thus. All delays and errors can cost the European industry and television production dearly. The Twelve understood just how high the stakes are when they drew up a Community strategy and insisted that the industry waste no time in developing all the equipment needed to launch HDTV, and that the European standard be recognized as the only world standard for the production and exchange of programmes. It is only in this way, and on condition that HDTV is rapidly introduced in Europe, that the European cinema and television industry can hope to be competitive on world markets.

INDUSTRY: The European textile industry is the most modern in the world ...

... but there are major disparities between the Twelve.

Those who thought that the European textile and clothing industries would be forced to close their doors thanks to Asian competition, clearly have been proved wrong. Together, these industries still employ more than 2.5mn. workers in the 12-nation European Community and are the most modern in the world, according to a recent European Commission report.

In order to meet competition from the Asian countries, with their low wages and almost total absence of social security, European companies have introduced automation wherever possible. There were large-scale job losses in the 1970s and 1980s; but the firms which have survived have invested in expensive but much more productive machinery. In 1988, the latest year for which figures are available, European spinning and weaving mills were equipped with a much higher proportion of modern machines than their American and Asian competitors.

A European factory equipped with the most modern machinery is in a position to pay high wages and yet compete successfully with firms in low-wage countries, given that its wage bill comes to no more than 6% of its production costs. The fact is that it is in the EC countries with the highest wages, notably Germany, that the largest number of very modern factories is to be found. But very large disparities remain between the EC countries. A textile worker in Denmark and the Netherlands earns more than $14 an hour, as compared to only $2 in Portugal. Wages in Belgium, Germany and Italy are more than $13 an hour, in France just under $10 and in the U.K. $8. The hourly wage in Ireland, on the other hand, is less than $7; in Spain it is $5.60 and in Greece $4.30.

The clothing industry is finding it more difficult to introduce automation than the textile ; a machine that can put together the bits of fabric that make up a shirt has yet to be invented. Research is under way, but even if robots are invented, they may prove too expensive for most clothing manufacturers.

TOURISM: The selling of Europe

The programme presented by the European Commission is favourably received by the Twelve.

The European Community's policy on tourism was born in 1984 with the adoption by the EC of a "resolution", followed by two recommendations and the proclamation, in 1988, of 1990 as the European Year of Tourism (ETY). But it is only from this year that one can finally talk of a Community strategy in this field, thanks to the programme presented by Commissioner Antonio Cardoso e Cunha to the Community's 12 ministers for tourism, at their meeting in Ashford Castle, Ireland.

Called "Tourism for Europe in the 90s", this programme has been well received and resulted in a large consensus. Through it the European Commission is proposing a more structured approach and a long-term policy for a sector that is especially sensitive and growing rapidly.

The four elements of the programme provide for an improvement in the quality of the services offered by European tourism; the promotion of European tourism; the improvement of the environment in which firms in the tourism sector operate and, finally, closer cooperation between the EC and third countries, especially in the light of the events in Eastern Europe.

To begin with the quality of the services of European tourism. There are three priorities: education and vocational training (exchange of personnel, of trainees, etc.); the introduction of new forms of tourism (rural, cultural, etc.) and the establishment of a series of physical quality standards covering hotels and tourist installations as much as the environment, based on criteria which the tourist centres themselves are called on to introduce.

The promotion of European tourism is the gamble adopted by the "European tourism commission", which is conducting advertising campaigns in North America and Japan. This year's target is Japan and on the success of the operation will depend the future of this new body. But promotional efforts must be intensified not only abroad but also within the Community itself, where special attention must be paid to those sections of the population which do not go on holiday and to activities in favour of the less well-off and such disadvantaged groups as the disabled.

Making businesses more effective will require, first of all, better information and analysis of the tourist industry, with the introduction of a system of rapid monitoring of its development. Financial help will also be needed, especially for smaller businesses, so that they are kept informed and enjoy more numerous possibilities of cooperation.

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Cooperation between the Community and third countries has already been launched, thanks to the "European tourism commission", which already includes the offices of tourism of most European countries, and the European Year of Tourism, managed jointly by the EC and EFTA. Developments in Eastern Europe have led to demands from these countries for cooperation in the tourism sector, because of its potential for contributing rapidly to economic growth. Eastern Europe clearly will compete with the West for tourists; but such competition must be accepted, especially in view of the fact that the countries of Eastern Europe will also offer the Community's tourist industry major investment opportunities, and will represent an additional attraction for tourists from other continents.

The meeting of the EC Council of Ministers envisaged for June will bring together the Community's tourism ministers in Luxembourg. They will look at concrete new proposals from the European Commission.

EUROPEAN PARLIAMENT: The tussle to find it a suitable home continues

A compromise by the Bureau of the EP fails to satisfy everyone.

The European Parliament can rent the 2,600-roomed office building as well as the large hall, with its 750 seats, currently going up in Brussels, in order, if need be, to hold its special sessions and committee meetings, together with the meetings of the various political groups, which normally run for three weeks each month. Parliament will continue to hold its regular sessions in Strasbourg and, to this end, its President and Secretary-General are negotiating with the municipal authorities the possibility of renting a chamber with seating accommodation for 750 persons, together with a 300-roomed office building. The status quo is maintained as regards Luxembourg, except for a commitment to provide the office accommodation needed for the Parliamentary Secretariat and to receive visitors.

The Bureau of the European Parliament may be said to have resolved the delicate issue of just where the Euro-MPs' workplace should be located. But if the French have accepted the compromise, numerous Euro-MPs have protested vigorously. The first to react was Britain's Derek Prag, author of the report on the Parliament's workplace, adopted a year ago by Parliament. He stressed that his report has not been replaced by other texts, so that it is up to Parliament, meeting in plenary session, and not its Bureau, to decide where and when it shall sit.

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The Bureau having taken its decision on the basis of Article 22 of the regulations, a discussion and vote in plenary session are ruled out; an announcement by the President at the next session would be all. But this hardly suits some Euro-MPs. Their Dutch colleague, Mr de Vries, has asked the latter be voted on in April. (He also wants to know why another chamber is to be built in Strasbourg).

INTERNAL MARKET: European art dealers are worried

They fear the European Commission's tax proposals will penalize them.

Ever since the European Commission put forward proposals last January regarding the art market, notably on tax matters, the European Community's art dealers have been in a state of alert and have met in congress to discuss them. They are somewhat perplexed by the Commission's proposals, which they consider too complicated. However, at first sight, the system proposed by the European Community's executive arm appears rather straightforward; it seems even to favour the art market because it allows the burden of VAT to be lightened.

In order to avoid double taxation, the European Commission has suggested that the tax be charged on the difference between the sale price of a work of art and that paid at the time of purchase. The system currently in force in most Member States provides, on the contrary, for tax to be paid on the sale price and not on this difference. This leads to double taxation in practice, given that a private individual who resells a work of art to a dealer, for example, cannot deduct VAT, which he has already paid. The Commission has kept silent as regards the rate at which VAT should be levied, although it has indicated a rate between 4 and 9% (reduced rate) or between 14 and 20%.

Dealers favour the reduced rate, of course; but as so often happens in tax matters, this poses problems for some Member States. It is hard to imagine Denmark, for example, giving up the 22% it currently levies in favour of the rate of 6% mentioned by several dealers.

During their congress dealers were unanimous in demanding the elimination of all taxes on both the import and export of works of art. But the European Commission's experts turned a deaf ear to this demand which, if accepted, could encourage tax evasion in particular.