



a newssheet for journalists

Weekly n° 5/91

4 - 11 February 1991

S U M M A R Y

- P. 2 PROSPECTS: 1991 - a crucial year for the future of the European Community
An extremely heavy work programme for the European Commission.
- P. 4 AUDIOVISUAL INDUSTRY: Putting cinema and television archives to better use ...
... thanks to the MAP-TV project.
- P. 5 DEFECTIVE PRODUCTS: Who is responsible ... when the ship goes down?
The European Court of Justice hands down an important ruling in a case involving the delivery of defective engines for ocean liners.
- P. 6 TRANSPORT: Too cheap, damaging to the environment and slow
The diagnosis of a group of European "wise men".
- P. 8 COAL: Output fell by 5% and employment by 10% in 1990
... but an end to the restructuring programme is in sight.
- P. 9 INFLATION: The consumer price index was virtually unchanged in 1990
Prices rose by a mere 0.4% as compared to 1989 in the Community.

Mailed from: Brussels X

PROSPECTS: 1991 - a crucial year for the future of the European Community

An extremely heavy work programme for the European Commission.

This year the European Community must tackle an impressive workload and take decisions which are as important as they are urgent. Not for the first time, of course: The Community has been hard at work since the mid-1980s. But in 1991 the tasks to be accomplished appear particularly formidable if the Twelve want to realize what the European Commission President, Jacques Delors, called the "European dream" when he presented the Commission's work programme to the Euro-MPs at Strasbourg on January 23. It is a question of both establishing "the largest organized economic area in the world" and allowing the Community to assume fully its responsibilities in the world, in a dramatic international context.

"The number of priorities is high", the Commission has pointed out in its programme for 1991. To begin with, the Commission has its eyes fixed on the objectives for 1992. In this connection the Twelve have already adopted more than 200 of the 282 measures needed to complete the single market. A number of them are already in force, such as the equivalence of higher education diplomas in force since the beginning of the year.

The European Commission has now tabled all its proposals and the Community's Council of Ministers must adopt some 80 pieces of European legislation between now and the end of the year, so that the Member States can transpose them into their national legislation before 31 December 1992, the deadline for completing the single market. A number of difficult problems have yet to be resolved. Thus in order to ensure the free movement of people within the Community, the Twelve must still reach agreement on immigration and the watch to be kept at the EC's external borders. Similarly, in order to guarantee an end to checks at the Community's internal borders, the Member States must still approximate their VAT rates and excise duties on alcohol and tobacco and petroleum products. They must also complete the harmonization of their sanitary measures for animals and plants. And they must successfully conclude their efforts at creating a common market in energy and transport.

A great deal also remains to be done as regards the policies which must accompany the introduction of the single market. The Commission President, Jacques Delors, has stressed that the

(Contd.)

(Contd.)

social objectives that have been set have not been reached and that "the moment of truth has arrived". The Twelve must decide this year on the organization of working time, access to vocational training and worker participation, to mention only a few of the outstanding issues facing them.

The environment is another priority area, with such issues as the fight against climatic deterioration and the safeguarding of cities and forests well to the fore. Other priority areas include scientific research and technology. For Jacques Delors the problems facing Europe's electronic and computer industries point to the urgent need for stronger action. A reduction in regional disparities is another priority, and the Community's 1991 budget effectively contains the sum of ECU 13,600mn.*. Part of this aid will facilitate the integration of East Germany into the Community - yet another priority.

The Community cannot limit its efforts this year, however, to managing the present and preparing for the single market, now almost here. It will have to provide itself the means to do more. The two intergovernmental conferences of the Member States, inaugurated last December, seek to reform the Treaty of Rome, the "European Constitution". The aim of the first of them is economic union and a single currency, the aim of the other a certain form of "political union" - a Community that is more democratic in its operation and has greater powers in matters of foreign policy and defense. The 12-nation Community must also find the financial means to match its ambitions for the post-1992 period. The Commission will draw up the balance sheet this year of the Community's agricultural policy and regional aid programme in particular, in order to form an idea of future financial needs.

Nor is there a shortage of challenges outside the European Community. It is necessary to prepare the peace that must follow the present war in the Gulf, in order to help the southern and eastern areas of the Mediterranean become "an area of stability, economic growth and social justice". It is also necessary to continue to help the countries of Eastern and Central Europe with their economic recovery, to cooperate with the developing countries and work for the success of the multilateral trade negotiations. But there are no more than 365 days in a year

* 1 ECU = UK£0.71 or IR£0.77

AUDIOVISUAL INDUSTRY: Putting cinema and television archives to better use ...

... thanks to the MAP-TV project.

A Community-wide audiovisual project aimed at developing a "secondary" market for programmes which draw on cinema and television archives has just been baptized "EUREKA-Audiovisual".

MAP-TV (Memory-Archives-Programmes) is an initiative launched by the European Commission in the framework of its MEDIA programme (Measures to encourage the development of the audiovisual industry). The aim is to show to a much wider public the treasures to be found in cinema and television archives, by encouraging producers to use these archives for preparing feature programmes, documentaries and even works of fiction.

With a budget of ECU 700,000* for the first year, MAP-TV will finance projects which make use of archival material. To help producers, a study will be carried out of the technical means - such as colouring, new sound tracks, electronic methods of improving the quality of old film - that can be used to enhance the value of archives.

As a guarantee of quality, this Community project has just been given the "EUREKA" label by the 26 European countries that are members of EUREKA-Audiovisual, the first international framework designed to encourage cooperation between those working in the audiovisual field. MAP-TV is thus open to professionals from all over Europe.

For Jean Dondelinger, the European Commissioner responsible for the audiovisual industry, MAP-TV is both an economic and cultural challenge, as it is a question of reanimating Europe's "collective memory", even while reducing the European film industry's financial deficit, thanks to the creation of this "second" market.

* 1 ECU = UK£0.71 or IR£0.77

DEFECTIVE PRODUCTS: Who is responsible ... when the ship goes down?

The European Court of Justice hands down an important ruling in a case involving the delivery of defective engines for ocean liners.

Who is responsible for latent defects in goods? The seller, under French law, although in practice this can give rise to tricky questions.

An engineering company, Sulzer S.A., sold the French company, Alsthom, engines intended for two cruise liners belonging to the Dutch company, Holland & America tours. The contract completed, Alsthom realized that the engines were defective. It held the builder, Sulzer, responsible and sought to recover from the firm the expenses it had incurred in repairing the engines in question.

The French Court of Cassation ruled in favour of Alsthom, on the grounds that under French law the seller is responsible for latent defects, even if he is unaware of them. Sulzer refused to acknowledge defeat: it held that the Court's interpretation of French legislation was of a kind certain to distort competition and prevent the free movement of goods, given that firms in other European Community countries would not have to meet the same obligations as their French counterparts.

When the matter came before the Paris Tribunal of Commerce on appeal, it decided to seek the opinion of the EC Court of Justice in Luxembourg. The latter ruled in favour of Alsthom.

The European Court held that the fact that the seller's responsibility was engaged in this particular case did not invalidate the Community's competition rules. It was merely a question of a provision aimed at protecting the buyer against latent defects in the goods supplied. As regards the free movement of goods, the Court pointed out that this provision of the French civil code applied without distinction to all commercial relations governed by French law; its object was not to restrict export flows and thus benefit French companies or the home market.

Sulzer could not therefore evade its responsibility. Even if the company was unaware that the engines in question were defective it was still liable for the cost of putting them right.

TRANSPORT: Too cheap, damaging to the environment and slow

The diagnosis of a group of "wise men".

Europeans do not pay the full price for their journeys. The more they are on the move, the more they pollute and, when all is said and done, their transport systems are inefficient from an economic standpoint. Such, in short, is the deliberately provocative diagnosis of a group of seven independent European "wise men", Group Transport 2000 Plus, whose report, entitled "Transport in a fast changing Europe - Towards a European network of transport systems", was published on January 21.

Under the co-presidency of a former EC Commissioner and former French transport minister, Edgard Pisani, and the former Dutch transport minister, Neelie Smit-Kroes, Group Transport 2000 Plus carried out a study of the totality of the European Community's transport problems in the light of the single European market. The study, which took nearly a year, was requested by the European Transport Commissioner, Karel Van Miert.

In the course of its study, Group Transport 2000 Plus consulted more than 200 experts from the 12-nation European Community, other European countries, the United States and Japan. They included company managers, university professors, political leaders and journalists. The report, which commits only its authors, who were not always in agreement with each other, will provide the European Commission the elements it needs in order to draw up a Community transport policy for the coming years.

Group Transport 2000 Plus is of the view that the main problems highlighted in the report - pollution, traffic congestion on the roads, in the cities and in the skies and excessive energy consumption - must be tackled without delay, as otherwise transport within the European Community will fall prey to a serious crisis.

The seven "wise men" do not offer miraculous solutions. Many of their suggestions are similar to measures already proposed or envisaged in the framework of the 1992 programme and the policies accompanying them - the adoption of strict anti-pollution standards; the elimination of national regulations which prevent hauliers to exercise their trade throughout the 12-nation Community; the creation of a European network of high-speed trains and the utilization of research conducted at the Community level in order that transport may profit fully from computerization.

(Contd.)

(Contd.)

The report takes the view that priority must be given to those means of transport which are the least harmful from an environmental viewpoint and consume the smallest possible amount of energy. In practice, this implies a reversal of the present trend towards an increase in road traffic.

The report demonstrates the extent to which road transport dominates in Europe. In 1990, in Western Europe as a whole (the Twelve plus Switzerland, Austria and the Nordic countries), 79% of goods were transported by road - in tonnes per km. - as against only 14% by rail and 7% by rivers and canals. Between 1970 and 1988 the transport of goods by road almost doubled, while the quantities carried by rail or barge declined. According to the experts, between now and the year 2010 the quantities transported by road will have increased by 74%, as compared to an 8% increase in the case of river transport and a decline of 4% for rail transport.

Passenger transport faces more or less the same problems. Between 1970 and 1988 the number of passengers per km. has almost doubled in the case of cars and risen by more than 40% in the case of buses; but the increase has been only 25% in the case of trains.

Road traffic was responsible, in 1987, for 86% of the emissions of carbon monoxide and 42% of those of nitrous oxides, two of the toxic gases most widely found in the atmosphere. In addition, road transport requires more energy than its competitors: in 1988 road transport accounted for 85% of the energy consumed by the transport sector as a whole in the European Community. Air transport accounted for only 11%, the railways for 2.5% and river traffic a mere 2%. What is more, transport's share in the Community's total energy consumption continues to grow: it was 31% of the total in 1973, 42% in 1980 and 55% in 1987.

A study carried out in Germany in 1986 attributed between 85 to 99% of total transport costs to road transport: 98% of the costs related to accidents, 91% to the costs related to atmospheric pollution and 64% of the costs arising from noise problems.

Group Transport 2000 Plus wants users and polluters to pay. It remains to be seen how. Europe's political leaders will have to show both courage and imagination.

COAL: Output fell by 5% and employment by 10% in 1990

But an end to the restructuring programme is in sight.

Coal production in the 12-nation European Community fell by 10.5mn.t. last year to 198mn.t. in 1989. This 5% decline in output was due to restructuring and adjustment measures in the main producing countries, according to the EC's statistical office, Eurostat.

The United Kingdom recorded the sharpest fall in production. Following pit closures under the restructuring programme which has been under way since 1985, production fell by some 8mn.t. (-8%) to 90mn.t. in 1990. But the largest drop in production, relatively speaking, was in Belgium, where output fell to one million tonnes in 1990, from 1.8mn.t. the previous year, a drop of more than 40%. The closure of Belgium's remaining colliery is scheduled for 1992.

French coal production fell by roughly one million tonnes, largely because of falling production in the country's northern coal-mining area. As for the German collieries, they recorded a decline in output of just under one million tonnes. Only Spain recorded a slight rise in production last year (+ 0.4mn.t.).

The Community's mining industry employed 189,700 underground workers on average in 1990. This was some 10% - or 19,700 workers - less than the previous year. The largest reduction in the workforce took place in the United Kingdom, where 9,300 miners lost their jobs.

The biggest increases in underground output per man-hour reflected the structural improvements carried out in the mining industry. Production in the Community as a whole averaged a record 622 kg. per man-hour in 1990, as compared to 599 kg. in 1989.

Changes in pit-head stocks varied considerably from country to country. Stocks in the Federal Republic of Germany remained unchanged from the previous year but went up by 26% in France and fell by 9% in the U.K.

The Community imported some 112mn.t. of coal last year, 9mn.t. more than in 1989. The main importing countries once again were Italy (19.7mn.t.), France (17.3mn.t.), the Netherlands

(Contd.)

(Contd.)

(14.6mn.t.) and the UK (12mn.t.). French coal imports rose by more than 3mn.t. (nearly 23%), while German imports rose by 2.7mn.t., a rise of nearly 48%.

Community coke production fell in 1990, according to Eurostat, as a result of (1) the market downturn in the steel industry since the beginning of the year and (2) the greater use of pulverized coal for injection into blast furnaces.

The increased rate at which stocks were run down by coking plants and consumers led to a corresponding fall in deliveries to the steel industry.

INFLATION: The consumer price index was virtually unchanged in 1990

Prices rose by a mere 0.4% as compared to 1989 in the Community.

The 12-nation European Community had an inflation rate of 5.7% last year, as compared to 5.3% in 1989. In six EC countries the rate was even lower than in the previous year. They were Belgium, France, Germany, Spain, Denmark and Ireland.

This year stability was due to the fact that, despite the price rises of August, September and October, following the sharp rise in oil prices, the consumer price index (CPI) held steady in November and December. The result was a fall in the inflation rate over 12 months - from 6.1% in September to 5.7% in December.

As in the EC, the CPI remained rather stable in the United States also during the last two months of 1990. As a result, the inflation rate over 12 months went down from 6.3% in October to 6.1% in December. In Japan the rate of inflation rose sharply, however, rising from 2.6% in 1989 to 4% last year.