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TELECOMMUNICATIONS: 1988 will be a decisive year for the Community

New proposals for 1992 and some international deadlines.

For the European Community's telecommunications industry 1988 will be an important year. The European Commission issued in early February its proposals for the development of a common market for telecommunications by 1992; the EC Council of Ministers is expected to take key decisions, while the future of telecommunications at the world level will be the subject of a number of international conferences this year.

The stakes are high. The world market for telecommunications equipment amounted to almost ECU 90 billion* in 1986, of which the Community's share was ECU 17.5 billion. By the year 2000 between ECU 500 billion and ECU 1,000 billion will have been invested in the telecommunications sector and some 60m. jobs will be largely dependent on it.

The European Commission proposed in February a time-table for liberalizing the European telecommunications market by 1992. This year it plans to submit specific proposals for liberalizing the terminal equipment market by December 1990; to ensure the liberalization of procurement policy and the placing of public contracts and the full mutual recognition of national type-approval procedures.

The European Institute for Telecommunication Standards should begin work as from this April. It will seek to prevent technical hiccups among the Twelve and to ensure the completion of a single, fully computerized European telecommunications network. The liberalization of the market for telecommunication services should begin from next year, according to the Commission's time-table, with one temporary exception - telephone services.

The Commission expects the market for receive-only satellite antennae for television to be fully open by the end of next year. Finally, its proposals foresee the introduction of VAT to the telecommunications sector, without exception and in all 12 Community countries, as from 1 January 1990.

The creation of a single market in telecommunications will offer consumers a wider choice and encourage competition within the industry, in the Commission's view. It therefore plans to make use of the Community's competition policy in this sector also. This implies the dismantling of existing national restrictions - i.e. the elimination of national monopolies which cannot be justified on objective grounds, as the Commissioner for Competition Policy, Peter Sutherland, pointed out to the Telecommunications Policy Forum, held in Brussels at the end of February.

The Commission believes that activity within the Community's frontiers is not enough: European companies must be able to meet the challenge launched by their competitors around the world, starting with the Americans and Japanese.

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The Community may have recorded an overall surplus of \$1.2 billion in its telecommunications trade in 1986 but it ran deficits vis-à-vis both the Americans and Japanese.

The World Administrative Telegraph and Telephone Conference, which meets in Melbourne this year, will seek to draw up guidelines for the telecommunications sector at the world level for the period up to the year 2000. But as the European Industry Commissioner, Karl-Heinz Narjes, told the Telecommunications Policy Forum, the Community is concerned over American protectionism and the Japanese practice of closing virtually its entire market to outside competition. The agreements between Washington and Tokyo in this sector are a further cause for concern.

1988 could prove to be a milestone also as regards high definition television, which should be in homes by the mid-1990s. The EC, which has proposed standards which conform to existing technology, is in competition with Japan, whose proposals would make all existing sets obsolete, if adopted.

* 1 ECU = UK£ 0.69 or IR£ 0.77

INFLATION: Moderate in January

Prices up by 0.2% in January and by 3% over 12 months.

Prices rose by a modest 0.2% in January in the European Community as a whole, according to Eurostat; in fact they were pretty stable in eight of the 12 Community countries, the EC's statistical office has pointed out.

The consumer price index declined in the Netherlands, Belgium and Greece. It was unchanged in Britain and rose only slightly in Luxembourg, Germany and France. However, prices rose more sharply in Italy and Denmark (0.5%), Spain (0.6%) and Portugal (1%).

The price index rose by 3% in the Community as a whole in the 12 months to January of this year. This compares favourably with the rise of 4.4% recorded in the United States (during 1987); but is much higher than the rise in Japanese prices, which was a mere 1.1%.

The situation varies a good deal from one member country to another, however. Four have low inflation rates (less than 1% over a 12-month period). They are Germany and the three Benelux countries. In five of them inflation is at moderate levels (between 2% and 4.5%): France, Ireland, Britain, Denmark and Spain.

In three Community countries the rate of inflation is over 5%, however: Italy (5.2%), Portugal (8.7%) and Greece (14.3%).

SOCIAL POLICY: Proposals for a Community without internal frontiers

The European Commission's guidelines for the European Community of the 1990s.

If a machine to be installed in a factory must meet the same technical standards throughout the European Community by 1992, it is normal that the safety requirements for its operation be the same in each of the member states. The European Commission certainly thinks so; in fact it has proposed a series of measures aimed at harmonizing national regulations regarding health and safety at work.

These measures, which were presented by the European Social Affairs Commissioner, Manuel Marín, at the end of February, are a part of the guidelines recently adopted by the Commission in order to make sure that the single internal market is as much social as it is economic.

The five guidelines for action which the Commission has adopted for the coming years are: (1) promote an improvement in both living and working conditions; (2) ensure the necessary conditions for the free movement of persons; (3) create the conditions needed to enable workers to adapt to the requirements of the single, internal market; (4) reduce social disparities and unemployment, and (5) promote a Community-wide dialogue between management and workers.

As regards improvements in working conditions, the Community has an additional instrument at its disposal since last year. It is the Single European Act, which provides for the harmonization of the various national rules governing the health and safety of workers.

To this end the European Commission has just proposed to the 12 member states a general regulation as well as measures covering specific areas. The overall directive embodies the principle of an equal level of protection for all workers, whatever the enterprise which employs them. It covers small and medium-sized firms also, although there are fewer administrative constraints in their case. The proposal applies to sectors and workplaces which are inadequately covered by existing national regulations.

The Commission has submitted an initial series of specific proposals at the same time; they will be followed by others. The proposals cover minimum standards of safety at the workplace; the use of machinery, appliances and other equipment as well as the choice and use of protective equipment by individual workers.

The Commission has proposed special measures for visual display units and the handling of heavy loads, this last with a view to preventing lumbar afflictions through a change in methods of work.

PUBLIC OPINION: Hands across the Atlantic

American attitudes towards the EC - and vice versa.

Mountains separate people while the seas unite them, as the adage has it. And surveys carried out on both sides of the Atlantic at the end of last year seem to confirm this: Americans and Europeans still entertain fellow feelings for each other.

But the Americans are drawn to other oceans than the Atlantic, and their views of the Old World remain partial. The European Community must therefore do all it can to protect an image of itself which is more in accordance with today's realities, according to the European Information and Communications Commissioner, Carlo Ripa di Meana, and his colleague Willy De Clercq, the EC's External Relations Commissioner.

More than 4 out of 5 Americans now feel that their country's ties to Western Europe matter a great deal, whereas hardly 2 out of 3 held this view in 1973. Moreover, nearly 70% of Americans strongly support the presence of U.S. troops in Western Europe. All of which points to a clear interest in the Old World - certainly on the part of Americans of West European origin. Two-thirds of those interviewed were in fact of West European origin, while a quarter had parents or grandparents born over here.

Even so, only 29% had heard of the European Community and another 29% had visited it. Americans in fact are more interested in the Soviet Union and Japan, and rank Japanese goods and services ahead even of their own and those from Europe.

American views of Europe are both out-dated and picturesque, Mr Ripa di Meana pointed out. He wanted the 12-nation Community to give greater evidence of its dynamism. Mr De Clercq felt Americans should be told just who invented the Airbus, the Ariane rockets and the Advanced Passenger Train.

The Community's citizens showed more understanding of the Americans. Over half of those interviewed had a good opinion of the U.S. and only 1 in 10 held negative views. Six out of 10 Europeans considered the Community's links with the U.S. as important.

The British, Luxembourgers and Italians were the most favourably disposed towards the Americans, Spaniards and Greeks the least. Two-thirds of the Europeans felt that West European unification has American backing.

(It should be pointed out that the results of the two surveys, conducted on behalf of the European Commission in the U.S. and the Community, cannot really be compared.)

ENVIRONMENT: How to burn 27m. tonnes of waste without blackening the sky

The European Commission wants stricter standards for municipal waste incinerators.

A vast mountain of garbage - some 27m. tonnes of it - goes up in smoke each year in the 524 municipal waste incinerator plants which dot the European Community. But the smoke from all those chimneys is beginning to worry a good many people, including the EC Commissioners.

Very strict standards seem essential if the air is not to be polluted - not simply around the incineration plants but wherever the smoke is carried by the winds.

Some idea of the scale of the problem can be had from the fact that the pollutants which the chimneys belch out each year include not only 28,000t. of dust but also 570t. of lead, 31t. of cadmium, 68t. of mercury, 144,000t. of hydrochloric acid and 1,150t. of hydrofluoric acid. And this does not include the dioxine and chlorinated organic substances which can result from inadequate combustion.

The task of cleaning up the skies clearly is a Herculean one, especially as the regulations vary from country to country. And yet it must be carried through both quickly and effectively.

France, where nearly 40% of the waste is burned, as well as Germany (30%), the Netherlands (30%), Denmark and Italy have already set special standards. However, in the other Community countries the problem is dealt with under the legislation on atmospheric pollution in general.

Of course in a number of countries, such as Ireland, Greece and Portugal, the problem hardly exists: they have very few waste incineration plants. But stricter controls are in their interest also.

The European Commission's latest proposals set different limits for dust emissions, according to the size of the plant. The norms are especially strict for larger installations, handling more than six tonnes of waste per hour.

Very tight limits are proposed for cadmium and mercury. There are specific standards for nickel and arsenic and global limits for other heavy metals. In addition, general limits would be set for sulphur dioxide, while the limits for hydrochloric and hydrofluoric acids would be fixed in relation to the size of the plant.

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Finally, good combustion conditions will be needed to avoid the production of dioxine and the emission of polychlorinated organic compounds. To this end the gases resulting from combustion should be subjected to a temperature of at least 850°C for a minimum of two seconds. Auxiliary burners will have to be used to ensure that this temperature is maintained.

All this will have to be carried out in two stages, over a 10-year period. The first stage would end on 30 June 1994, when interim standards would be imposed, with full application by 30 June 1999. After these dates installations which still did not meet these standards would have to be either adapted or closed down.

A PEOPLE'S EUROPE: Fitting the punishment to the crime

Failure to pay VAT does not amount to smuggling.

When Mr. D., who is a technician, settled in Italy in 1983, he took his car with him. He had bought it in Germany, where he had paid VAT at the local rate of 13%. Six months later Mr. D. had turned smuggler - not by actually smuggling goods across national frontiers in the dead of night, but by simply overlooking the fact that he was required by Italian law to register his car within a period of six months.

The legal mills, like those of the gods, grind slowly but surely. In 1985 Mr. D. found himself accused of smuggling, not having paid VAT at the Italian rate of 18%. The courts fined him 1.6 million lira and ordered his car to be confiscated.

Mr. D. should have thanked his lucky stars at having got off so lightly; instead, he appealed against the judgment. He argued that the judge should have taken into account the fact that VAT had been paid in Germany, when deciding how much had to be paid. Moreover, under Community law a member state cannot treat the non-payment of VAT as a case of smuggling, given that the penalties are much less severe in the first case.

The Court of Appeal in Genoa put the two questions raised by Mr. D. to the European Court of Justice in Luxembourg. The reply to the first was clear. All the interested parties, including the Italian government and the Advocate-General, agreed that the payment made in Germany had to be taken into account, as provided for in Article 95 of the EC Treaty.

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But the second question was more difficult to answer. The Court recognized there was a difference between failing to pay VAT at the time of import and failing to pay it on a transaction conducted within the country itself. It nevertheless held that these differences could not justify an obvious disproportion in the severity of the penalties these two offenses attracted.

And the penalties, whether imprisonment or the confiscation of the goods in question seemed excessive. Such a situation, the Court held, could compromise the free movement of goods within the Community and was therefore incompatible with the EC Treaty.

It maintained that "national laws which punish VAT offences at the time of import more severely than VAT offences relating to the transfer of goods within the country's borders are incompatible with Article 95 of the Treaty, to the extent that the difference is disproportionate in relation to the dissimilarity between the two categories of offences."

CONSUMERS: Another helping of hormones?

The Court of Justice overturns an EC directive banning the use of hormones to stimulate growth in cattle.

The ruling by the European Court of Justice, overturning a European Community directive banning the use of hormones in meat production from January 1 this year, has met with an outcry. The Court in effect upheld Britain's case, that the directive had been adopted in violation of the rules of procedure.

The fact is the EC Council of Ministers had followed the so-called written procedure. This requires all 12 member states to make known their views by a given date. Britain was opposed both to the directive and to the use of the written procedure. Denmark joined it in voting against the projected directive while Ireland abstained.

The directive had aroused a storm of protest in the United States even before it had come into force. The Americans in fact succeeded in getting a year's exemption from the ban for their own exports of frozen meat from hormone-fed cattle. But the directive, which bans the use especially of the two artificial (tremblone and zeravol) and three natural hormones (testosterone, progesterone and oestradiol 17B), remained firmly in place.

Reaction to the Court's ruling has been violent throughout much of the Community. In several countries, including France, Italy, the Netherlands and Belgium, both farm and consumer organizations have underlined the risks inherent in the Court's judgement, in their view.

While it is true that national legislation banning the use of growth hormones already exists in all the member states, the fact remains that the pharmaceutical lobbies, as well as some American ones, have taken advantage of the Court's ruling to renew their attacks on the ban.

The European Commission nevertheless is convinced the directive will be approved by the member states in its original form, once it is re-submitted to them. There was a qualified majority in favour of it and all that is needed is to follow the procedures scrupulously.

The ball, in other words, is now back in the court of the Community's agricultural ministers, who are expected to pick it up at their next meeting.