



# a newssheet for journalists

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**EUROPEAN COMMISSION - 1989: The single market to get priority**

The Delors Commission's programme for 1989.

"The Commission is focussing all its energies on the realization of the single, frontier-free market within the deadlines that have been set," its President, Jacques Delors, told the European Parliament on February 16, when he presented the Commission's programme for 1989.

The creation of a frontier-free European Community is at the heart of the 83-page document, which deals with the elimination of frontier controls. The Twelve have already made substantial progress as regards the purely economic aspects of the single market; the Commission therefore wants to focus on those aspects of the 1992 programme which are of particular interest to the man in the street.

The Commission must send the 12 Member States this year around 10% of the "300 proposals" envisaged in the White Paper on the completion of the internal market. It must also undertake the more difficult task of getting the Twelve to adopt as many of the proposals already before them as possible. The fact is that some of these proposals, especially those dealing with VAT or the taxation of savings, are being fiercely resisted by several Member States.

The Commission must also secure the implementation of the policies that "supplement" the single market. They are contained in the Single European Act, the reform of the Community's "constitution", in force since 1 July 1987. These policies, which deal with matters as varied as regional aid, the environment and small and medium-sized enterprises, must reflect three principles, according to President Delors. They are coherence, cooperation and cohesion.

The Commission, in other words, wants to prevent the single market from developing into a free-for-all. It is therefore trying to secure the adoption of rules of the game that are "coherent", as much to protect consumers as to control mergers and punish insider dealing. In the environmental field, the Commission would like to make substantial progress in 1989, with the European Community taking the lead in an "international crusade", by setting strict standards for itself and ensuring that existing rules are followed.

The Delors Commission is determined to stimulate further cooperation between the Twelve in such crucial fields as economic policy and the new technologies. The Commission would like greater coordination of the Member States' research efforts, and plans to give a fresh boost to Community activities in this field through new forms of financial aid.

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"Cohesion" implies specific aid for the Community's disadvantaged areas and those facing industrial decline; fight against long-term unemployment and action in favour of problem rural areas. The fact is 1989 will be a test for the Community's new-style social, regional and agricultural funds, which became operational in January.

Until the disappearance of the Community's internal frontiers, the Commission wants to continue this year its programmes aimed at encouraging exchanges between Europeans of all ages, whether students, teachers or research workers, even while stimulating the oft neglected study of Community languages. The Commission will also try to secure the adoption of a European social charter by the Community's heads of state or government, and obtain for all European citizens the right to vote in municipal elections in their country of residence.

The Commission, which represents the world's major trading power, could hardly overlook the rest of the world. It plans to set out this year the rules governing trade between the single, European market and its trading partners, on a case-by-case basis. The Commission will also submit proposals covering export credits to the Twelve. As for relations with the Third World, the Commission plans to continue the policy of development aid, even while getting the Community to contribute to a solution to the debt problem.

#### CHEMICAL WEAPONS: "No" to high-risk European exports

The Twelve agree to ban the sale of "sensitive" chemical products.

The 12 European Community countries will hereafter ban exports of a wide range of chemicals that can be used to manufacture chemical weapons to countries at war and to "areas of high international tension". The EC Council of Ministers adopted unanimously a regulation along these lines on February 20, but did not draw up a list of the countries and zones to which the ban would apply.

It was at the initiative of the German federal government that the European Commission put forward a draft regulation to the Twelve. German companies in fact have been accused recently of having exported to Libya products that can be used to manufacture chemical weapons at the factory at Rabta. The Twelve now envisage a ban on the export, to the same categories of countries, of equipment needed in the construction of plants for the manufacture of chemical weapons.

**TOURISM: Euro-MPs seek better protection for tourists**

The European Parliament strengthens the Community directive on package holidays.

Anywhere up to 150 million Europeans book a package holiday each year, generating a turnover in excess of ECU 100 billion. Competition for the tourist's ECU inevitably is fierce, and the reality can turn out to be much less agreeable than the travel brochures led him to believe.

Some 40% of package holidays give rise to problems of various kinds. Complaints regarding the level of comfort are the most frequent, followed by bad food, transport problems, poor accommodation, indifferent service, noise, etc. While many tourists accept their lot with resignation, some 20% make an official complaint.

But as matters stand at present, they are virtually at the tour operator's mercy, having paid for their holiday in advance. In view of this situation, and given the scale of the problem, the European Commission proposed a Community directive aimed at protecting those who have booked a package holiday. It was greeted by tour operators with cries of horror.

The European Parliament has gone further now, adopting several amendments presented by its rapporteur, the British Euro-MP, Caroline Jackson. As a result, all the information contained in a brochure published by a tour operator or a travel agent would form an integral part of the sales contract. Anyone prevented from going on holiday because of serious illness or a death in the family, for example, would have the right to transfer his booking to a third person up to one week before the departure date. And once the tourist had paid for his holiday in full, its price could not be increased.

Finally, he would have the right to a refund in certain cases, notably if changes had been made to the holiday package; if its price had been raised; if the departure date had been postponed by more than 24 hours or there were unforeseen delays of 12 hours. As for the contractual clauses which allow a tour operator or travel agent to decline all responsibility, they would simply be banned.

The ball is now back in the European Commission's court. The travel agents meanwhile are preparing themselves for a fight, arguing that the provisions now put forward would mean higher prices as well as job losses. The new Commissioner for consumer protection, Karel Van Miert, clearly will have his hands full.

**INVESTMENTS: ECU 10 billion in Community loans in 1988**

Record lending by the European Investment Bank.

Lending by the European Investment Bank exceeded ECU 10,000mn.\* last year. It helped finance projects worth ECU 25,000mn., or just over 3% of total investments in the 12-nation European Community, and create some 40,000 jobs. The ECU 10,200mn. lent by the EIB last year was 30% over the 1987 figure.

The EIB, a non-profit making financial institution set up by the EC, last year financed 14% of the investments in the Italian Mezzogiorno. Its share was 11% in Portugal, 7% in Ireland and 5% in Greece. 60% of EIB loans in all went to help develop the Community's most disadvantaged regions.

The transport and telecommunications sectors received nearly ECU 4,000 mn. in loans last year, mainly for projects aimed at improving communications between the Twelve in the light of the single market. They included not only the Channel tunnel and two communications satellites but also roads and motorways, airports and aircraft.

The EIB lent nearly ECU 3,000mn. to industrial firms, including ECU 1,800mn. to small and medium-sized enterprises (SMEs). It thus helped finance more than 5,000 SME investment projects, 3,000 of them in regions in difficulties. Since 1983 - the European year of small businesses - the EIB has helped finance some 25,000 of their projects.

The energy sector received ECU 1,800mn. in loans, half of it for developing the Community's own resources and the rest for the more efficient use of energy, on the one hand, and diversification of imports on the other. The ECU 1,200mn. devoted to the environment will be used to fund investments in sewage works, the fight against pollution from thermal power plants and oil refineries and water purification.

The level of EIB lending to any given Member State is dictated by the demand for loans. Last year it lent ECU 3,400mn. to projects in Italy and ECU 1,300mn. to projects in France. Other major borrowers were the U.K. (ECU 1,200mn.) and Spain (ECU 1,000mn.). EIB loans tend increasingly to be tailor-made.

\* 1 ECU = UK£ 0.64 or IR£ 0.78.

**TRADE: Truce called in the EC/US hormone war**

Experts will seek a compromise but cannot question the EC ban on hormone-treated meat.

The Twelve have agreed to a 75-day truce in the "hormone war" with the United States, while a task force made up of experts from both sides tries to find an amicable settlement to their dispute. The truce does not call into question, however, either the EC ban on imports of beef treated with hormones nor the trade reprisals which Washington ordered as soon as the ban came into effect.

Both sides are refusing, in other words, to budge from their positions. The European Community is adamant that it cannot make any exceptions when it comes to safeguarding the health of European consumers, while the United States regards the ban as a protectionist measure, with no scientific backing.

Even so, the truce is a move in the right direction: the Community has undertaken to withhold retaliatory action and the Americans to reduce the scale of their reprisals with the rise in their exports of hormone-free beef to the EC. The fact is that several Texan producers have offered to supply such meat but have been refused the necessary export licenses by the Federal government. The experts will soon work out the necessary technical and administrative formalities.

The amount at stake is a mere \$100mn., as compared to the total value of EC-US trade, which came to \$166 billion in 1988. But the Bush Administration has made it a question of principle, perhaps from fear that American consumers also may begin to look askance at hormone-treated meat.

**YOUTH: The European Parliament calls for a Community "youth card"**

They should offer young people more than the cards already in existence in some countries.

"Youth cards", which enable their holders to buy a wide range of goods and services at reduced prices, are already being used by nearly two million Europeans in six of the 12 European Community countries. Spain is in the lead, with 780,000 cards in use, followed by France (450,000), Portugal (280,000), the Netherlands (135,000), the Flemish regions of Belgium (45,000) and Scotland (12,000). Belgium's French-speaking regions introduced youth cards last year, as did Greece and Luxembourg, while Italy plans to follow suit this year.

The European Parliament favours the creation of a Community youth card, as recommended by its rapporteur, the French Euro-MP Nicole Fontaine. Young people would be able to use the card not only to save money on goods and services (transportation, hotels, museums, the theatre, etc.) but also to obtain free legal advice, medical help in case of accidents and consumer advice.

The card would also make the young more conscious of their European identity and of their status as citizens of the European Community.

**AUDIOVISUAL: Ending the Americanization of cinema and television**

The European Parliament favours a much stronger MEDIA programme.

The European film industry has a large output, turning out more films than its American counterpart; even so European Community production has fallen by half in the last 10 years. Nearly all films produced in Europe are meant for the national market. Only 10% of them show a profit, while another 20% manage to cover their costs; a massive 70% lose money. As a result, it is increasingly difficult to find producers; and public subsidies clearly will not solve the problem by themselves.

The European Parliament has pleaded in favour of a wider Community programme in support of the European audiovisual industry, as called upon by its rapporteur, the Dutch Euro-MP Gijs de Vries. Parliament therefore backs the MEDIA programme, the aim of which is to improve the distribution of European films, the industry's veritable weak point. But the Euro-MPs also want to strengthen the programme as regards (1) the financing of audiovisual productions, (2) the relevant legislation and (3) relations with third countries.

The European Parliament would like to put a brake on the growing Americanization of the European audiovisual industry. More than 60% of all films distributed in the Community are American; and the percentage is over 70 in the case of serials and films for television. Among the 500 films that have earned more than \$10mn. in the United States, a mere 35 are European - British for the most part.

**BRIEFLY ...****Expediting the course of European justice**

The new European Community Court of First Instance (CFI) will begin work from this September. Its 12 judges and their 80 assistants will be able to start work, thanks to a supplementary budget of ECU 3.5mn.\* adopted by the European Commission on February 9. The new CFI will relieve the EC Court of Justice of around 25% of its workload, thus expediting the course of Community justice. It was largely for this reason that the EC Council of Ministers decided to establish the CFI last year. The new Court will deal mainly with competition cases, which are likely to multiply in the run-up to the single market in 1992.

**Thanks to the EMS, two years of stability**

Despite the stock market crisis and the fluctuations in the U.S. dollar rate, the European Monetary system was able to ensure the stability of the parity grid linking the eight Community currencies in the EMS\*\* in 1987 and 1988. In other words, the variations between the exchange rate set by the market and the rates set under the EMS were within the authorized limits over this 2-year period. The announcement by Eurostat, the EC's statistical office, drew attention to the fact that the exchange rates of the four currencies not in the EMS (those of Britain, Greece, Portugal and Spain) fluctuated some five times more on average. Eurostat experts were surprised to find that short-term interest rates fluctuated much more in the case of these four currencies than of the eight that are in the EMS.

**The European Commission boosts consumer protection**

The European Commission has now set up a consumer policy service devoted entirely to defending the consumer's interests. The move was welcomed by Karel Van Miert, the EC Commissioner responsible for consumer affairs, who stressed that it should see to it that consumers benefit from the growth in trade due to the completion of the single market in 1992.

\* 1 ECU = UK£ 0.64 or IR£ 0.78

\*\* The Belgian franc, Danish crown, Dutch guilder, French franc, German mark, Irish pound, Italian lira and Luxembourg franc.



**BRIEFLY ...****EC/Canada agreement on alcoholic beverages**

Negotiations between the European Community and Canada on trade in alcoholic beverages have ended with an agreement which provides for an immediate end to all discrimination in the spirits sector, the elimination of nearly all discriminatory measures in the distribution of wines and national treatment (which means provincial treatment) in the case of beer.

The regulations in force in Canada did not conform to the country's commitments under GATT; but it was not easy to find a solution, given that the import, distribution and sale of alcoholic beverages in Canada is controlled exclusively by provincial marketing bodies known as liquor boards. The EC therefore accepted the principle of bilateral negotiations, thus making possible an agreement which also takes into account the difficulties of Canada's federal government. The latter has undertaken to end the remaining obstacles, especially in the beer sector, as quickly as possible.

**The Channel Tunnel moves ahead**

The European Commission has decided not to object to a convention between Eurotunnel and the British and French railways aimed at sharing out the transport market and establishing traffic forecasts. In principle, arrangements of this kind are banned. But the Commission agreed, at Eurotunnel's request, not to invoke the principle because the convention contributes to the improvement of transport services and the growth of the railways as well as their technical and economic development; at the same time it does not affect competition unfavourably, given that other forms of transportation will continue to operate. The Commission has therefore exempted the convention for a 3-year period, beginning from 18 November 1988; but it is already examining the possibility of a longer exemption.