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Mailed from Brussels X

200 rue de la Loi • T-120 7/56 • 1049 Brussels • Belgium • Tel.: 299 90.52 • Fax: 299 92.08

EUROPEAN COMMUNITY: The difficulty of levelling upwards ...
... in preparation for the single currency.

Deciding in advance just which EC countries will be economically ready to make the leap to the single currency in 1997 "is somewhat like forecasting the winners of the European football cup", according to the European Commission President, Jacques Delors. "May the best team win!" he added. The fact is that in order to qualify for the monetary union provided for by the Maastricht Treaty, the EC countries with the worst scores as regards inflation, budget deficit, monetary stability and long-term interest rates must catch up with the best. This levelling upwards is known as "convergence" in Community jargon, and eight EC countries have launched national "convergence programmes". The Community's finance and economy ministers examined seven of them on February 15. Contrary to rumours, no country announced changes to its programme, according to the European Commissioner for economic and monetary affairs, Henning Christophersen, who took part in the meeting.

Mr. Christophersen did not hide the fact that convergence programmes are not easy to implement at a time of economic stagnation. It is more difficult to control public spending at a time of declining tax income. EC ministers looked at how the convergence programme adopted by Belgium, Germany, Ireland, Italy, the Netherlands, Portugal and Spain were working. Greece also has its convergence programme and the British government is planning to follow suit. France, Denmark and Luxembourg can dispense with such programmes, however, as they already meet the economic conditions laid down by the Maastricht Treaty, according to Mr. Christophersen.

Even so, he has stressed that none of the Twelve can afford to be less vigilant. A country which meets the necessary conditions today will not automatically meet them tomorrow - and vice versa, of course. In 1986 the European Commission will report to the Twelve on how far EC countries are meeting the conditions laid down in the Maastricht Treaty. The Community's heads of state and government will decide, before 31 December 1996, whether a majority of countries is ready for the single currency. If they are not, those countries which do meet the necessary conditions will adopt a single currency on 1 January 1999. In order to make it easier to assess the situation, the Twelve undertook on February 15 to make their convergence programme more comparable. The creation of monetary union clearly implies that Britain and Denmark will proceed to ratify the Maastricht Treaty.

INFLATION: 3.5% in the 12 months to January

The lowest rate since June 1988.

Prices in the European Community were relatively stable in January. As a result, the rate of inflation declined to 3.5% on an annual basis in January, as compared to 3.7% in January 1992. This was the first time the rate of inflation had fallen to this level since June 1988, according to Eurostat, the EC's statistical office, in mid-February.

Prices rose by 0.3% in the 12-nation Community as a whole, but there were substantial national differences. In Britain, prices fell by 0.9% in a single month, the sharpest fall recorded in the U.K. in some 35 years. In the Netherlands the price index declined by 0.5% and in Denmark by 0.2%. But it rose by 1.1% in Germany (West), 1% in Luxembourg, 0.9% in Portugal and 0.7% in Belgium. Elsewhere price rises were between these two extremes.

Prices rose by just 1.5% in Denmark in the 12 months to January 1993. In Britain, France, Ireland, the Netherlands and Belgium the rise was below the average for the Community of 3.5% - which was also the level of inflation in Luxembourg. For the first time Germany (West) joined the EC's southern Member States in having an inflation rate above the Community average. Greece led, in fact, with a record 14.5%.

SINGLE MARKET: There is no danger of a sudden price rise ...
... following the EC decision on "border-free bananas".

Banana prices are unlikely to go through the ceiling after July 1. The European Community's Commissioner for agriculture, René Steichen, has stressed that the regulation ("European law") which EC ministers adopted on February 12, in order to bring bananas within the scope of the single market, will not result in a price explosion in those EC countries which enjoy cheap bananas at present.

Freedom of movement for bananas will become a reality only after July 1. National habits will remain unchanged therefore during the next four months. Britain, France, Greece, Italy, Portugal and Spain will continue to give preference to domestically produced bananas and to imports from their former colonies. The other EC countries, with the exception of Germany, will continue to import from other countries, even while levying an import duty of ECU 100* per ton on imports from Latin America.

In the absence of a Community policy, prices seem to vary substantially at present from one EC country to another. Bananas are very cheap in Belgium but very expensive in Greece, for example. The markets of EC countries with no import restrictions are flooded with cheap "dollar bananas", produced in Latin America by multinational corporations based in North America. Elsewhere in the EC, consumers are offered bananas from southern Europe and African and Caribbean countries. Their higher prices reflect higher production costs and, according to connaisseurs, better quality.

Under the new system traders will be able to import annually, from countries other than the EC's traditional African and Caribbean suppliers, an overall tonnage, fixed in advance for the Community as a whole. A duty of ECU 100 per tonne will be levied on such imports. Imports in excess of this "quota" will pay duty at a rate of ECU 850 per tonne, which will be reduced to ECU 750 in the case of imports from the African, Caribbean and Pacific (ACP) countries, linked to the EC through the Lomé Convention. Bananas imported from ACP countries under the quota will enter the EC duty-free, as at present.

Imports covered by the quota will require special import licences. The quotas will invariably take into account the Community's consumption and import of bananas, given that an increase in Community production can be virtually ruled out. The 1993 quota has been fixed at two million tonnes. EC consumers ate their way through 3.7mn. tonnes of bananas in 1991. Of this amount, 694,000 tonnes were produced within the EC, 603,000 tonnes came from ACP countries and another 2,4mn. tonnes from the rest of the world, but mainly Latin America.

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Under the new "law" a special committee is to be set up; its task will be to follow the EC banana market. The committee will include representatives of the 12 EC countries; EC, ACP and Latin American producers; traders and consumers. It will have the power to increase the quota within a week if necessary. This should prevent any shortage of bananas - and any dramatic rise in prices.

In addition, dollar bananas arriving in EC ports for re-export to non-EC countries, and to Eastern Europe in particular, will be outside the global quota set by the Twelve.

The European Commission has no precise forecasts for price movements within each EC country after July 1. Prices will regain their 1990/1991 levels in countries with no import restrictions, according to Mr. Steichen. In practice, there could be price increases in these countries, particularly Germany, where the average wholesale prices of dollar bananas had fallen by 29% in 1992, because of speculative imports into Germany, pending the adoption of the new system by EC ministers. Prices are expected to fall, however, in the hitherto protected markets of Britain and the southern Member States.

EC producers, from Madeira to Crete and from the French Antilles to the Canary Islands, will probably have to reduce their prices in order to remain competitive; but they will be compensated financially by the EC. Meanwhile Latin American producers are finding it abnormal not to be allowed to export unlimited quantities at low rates of import duty.

As for consumers, their verdict is awaited with interest by everyone else.

* 1 ECU = UK£0.82 or IR£0.80.

HEALTH: The newly-created European Monitoring Centre for Drugs ...
... is a new tool in the fight against drug addiction.

In October 1989 the French President François Mitterrand sent a letter to the 12 EC heads of state and government, as well as to the President of the European Commission, Jacques Delors, setting out a 7-point action programme in the fight against drugs. The programme included the creation of a European monitoring centre, to provide Member States and the EC itself comparable and reliable data on drug abuse. The letter gave rise to activity at both national and Community level. It led to the creation, in December 1989, of the European Committee for the fight against drugs, and the preparation of the first European plan to deal with this scourge. The Plan was adopted by the EC summit, held in Rome in December 1990. It marked the first attempt to launch a coherent action programme, dealing with both the medico-social aspects of the fight against drug trafficking and action at the international level. The programme was later revised and up-dated by the Edinburgh summit last December.

The European drug monitoring agency which the plan envisaged, became a reality on February 8, when the EC Council of Ministers adopted the "European law" setting it up, on the basis of a feasibility study and project drawn up by the European Commission.

The sole task of the European Monitoring Centre for Drugs and Drug Addiction will be to provide the Community and its Member States objective, reliable and comparable information. It will not take any measures which exceed its data collection role. What is more, even as regards data collection and processing, the Centre will refrain from handling information relating to specific cases and to name names.

The Centre will collect information in the following priority areas: the demand for drugs and any reduction in demand; national and Community policies and strategies; international cooperation and control of trade in drugs, psychoactive substances, chemical precursors and pharmaceutical products; implications of the drug phenomenon in producer, consumer and transit countries and, last but not least, money laundering.

The Centre will respect the principle of subsidiarity and national and Community competences as set out in the EEC Treaty.

The Centre will have a Board of Directors, consisting of one representative of each of the Member States, two Commission representatives and two well-known persons appointed by the European Parliament. The Centre will be able to call on an 18-member scientific committee; each EC country will appoint at least one person to this committee. The Centre will work with international bodies and governmental and non-governmental organizations and will be open to certain third countries. The new "law" will come into force the day after the Member States have decided on the Centre's location.

The EC has taken an important step in the fight against drugs, as was underlined by the EC Commissioner for social affairs, Padraig Flynn. He expressed his satisfaction at the Council's decision and his confidence in the contribution which the Monitoring Centre will make to the efforts of the Member States and the Community as a whole.

ENVIRONMENT: Chemical accidents

A workshop to improve mutual assistance within the EC.

The European Commission, in collaboration with Belgium's civil protection services, has just set up a "self-training workshop" in the area of chemical accidents. This initiative has been taken in the framework of the implementation of a resolution of the Council of Ministers regarding improved methods of mutual assistance within the European Community in the event of natural and technological disasters. The aim of the workshop is to draw lessons from the chemical accidents that have taken place in the EC in recent years. For those responsible for civil protection in individual EC countries, this workshop is a good opportunity to consult each other and get to know one another better. It also marks an important step towards the creation of a genuine network of competent people at the Community level, given that such a network is essential for the effective recourse to mutual assistance.

HEALTH: A ban on smoking in public places

European Commission reports on how it is being implemented by the Twelve.

The European Community's health ministers decided in 1989 to invite the Member States to notify the European Commission, every two years, of the steps they had taken to implement the resolution banning smoking in public places. They duly did so, and the Commission has just published a report on the choices made by each of the Twelve.

The fact is that all EC countries have taken measures which place restrictions on smoking in places open to the public, although the measures differ as regards their scope and legal form. The Member States in fact have had recourse to a wide range of legal instruments, including national legislation (as in Ireland, France, Italy, Luxembourg, the Netherlands and Portugal); national regulations (Spain, Belgium) and decrees, rulings and circulars (Britain, Denmark, Germany and Greece). In any case, all these legal instruments contain the broad outlines of the measures provided for in the 1989 resolution, which calls for the protection of non-smokers from the harmful effects of passive smoking.

But what is a public place? To begin with, private places where services are rendered to the public. They include cinemas, theatres, exhibition halls and sports centres, all of which fall, broadly speaking, within the scope of national regulations, as well as cafés, hotels and shops, although here smoking is restricted only in Ireland, France and Belgium. Then comes public transport. There is a complete ban on smoking as regards urban transport, the one exception being taxis - on occasion. As for other forms of transport, the solution generally favoured is areas set aside for smokers. There is a growing tendency, however, to ban smoking altogether. In several EC countries smoking is banned in aircraft, the result of a decision taken by either the airlines themselves or the public authorities.

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In the case of nursing homes, hospitals and hospices, nearly all EC countries have banned smoking as a general rule in all public establishments. In private establishments, however, the decision has been left to those in charge.

Smoking is banned in schools and other establishments which look after infants or adolescents in all EC countries, but the extent of the ban varies: areas are often set aside for smokers.

There remains the problem of smoking at the workplace - which after all is an area open to the public. The EC has already adopted a directive, which provides for a series of measures designed to safeguard the health of workers and protect non-smokers. It applies to new workplaces since January 1 and will apply to existing workplaces from January 1996.

For the moment, the information provided by national authorities and private institutions is not sufficiently detailed to allow a systematic assessment to be made of the measures banning smoking in public places. Surveys organized by the European Commission a year ago showed that some 80% of Europeans favour legislative action. But it also showed that hardly 45% of them believe that such legislation exists in their country and, even more to the point, is enforced.