



## a newssheet for journalists

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Mailed from Brussels X

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REGIONAL AID: Ten EC countries in ECU 93,000 million share-out  
European Commission divides up the "cake" for the years 1994-1999.

More than ECU 93,000 million\*, or 70% of all the regional and social aid to be provided by the European Community between 1994 and 1999 - this is the size of the "cake" which the European Commission divided on October 21 among 10 of the 12 EC countries - those which have one or more highly disadvantaged regions. This aid will be paid out by the EC's four structural funds: the Regional Fund, the Social Fund, the guidance section of the European Agricultural Guidance and Guarantee Fund and the financial guidance instrument for fisheries.

As EC ministers had decided in July (see Eurofocus N° 28/93), all Community countries, with the exception of Denmark and Luxembourg, will benefit from this aid for economically "backward" regions. The four EC countries which are the least well-off will together receive nearly two-thirds of the ECU 93,000 million. Thus Spain is to receive ECU 26,300 million (at 1994 prices), Greece and Portugal ECU 13,980 million each and Ireland ECU 5,620 million.

It should be pointed out that in the case of Ireland, Greece and Portugal the entire country is regarded as lagging behind in development. What is more, the four least well-off countries are also entitled to special assistance from the Cohesion Fund Between 1993 and 1999, for financing major infrastructure projects in transport and the environment.

Of the six other beneficiary countries Germany, for its eastern regions, and Italy, for its southern region, will receive the largest amounts - ECU 13,640 million and ECU 14,860 million respectively. Britain will receive ECU 2,360 million, France ECU 2,190 million, Belgium ECU 730 million and the Netherlands ECU 150 million.

In giving details of the share-out Bruce Millan, the European Commissioner responsible for regional policy, stressed that it was based on objective criteria: the population of the regions and countries in question, their level of wealth, rate of unemployment and the share of agriculture in employment. He also made it clear that the "cake" which had been shared out did not include "Community

initiatives" - aid which is intended for specific sectors or activities, without a prior share-out among EC countries. Mr. Millan also announced that the Commission could assess the implementation of the aid to disadvantaged regions at the end of 1996, when countries that had made the best use of the funds made available to them could obtain extra funds.

\* At 1994 prices, which is to say ECU 96,000 million at 1992 prices. 1 ECU currently equals UK£0.78 or IR£0.82.

EMPLOYMENT: More jobs through a better distribution of work and incomes?

Some suggestions from the European Social Affairs Commissioner, Pádraig Flynn.

The European Community must aim for a target of 5% of unemployment by the year 2000, as against the current rate of 10.5%, Pádraig Flynn, the European Commissioner with responsibility for social affairs and employment, declared when opening the European Employment Week in Brussels on October 19. But even to reach this relatively modest target, it will be necessary to create at least 20 million new jobs. How? Through a better distribution of work and incomes, for example, Mr. Flynn told his audience.

According to the European Commissioner, we could create more jobs for a given volume of employment by a progressive reduction in average hours of work per employee. It would be necessary to modify existing legislation, treat part-time workers better and minimize financial incentives for longer hours among the better paid workers. It would also be necessary, in Commissioner Flynn's view, to restructure national income support schemes in ways that allow partial income support to be combined with income from part-time work.

Increases in hourly wages should remain below the rate of productivity growth, according to the Commissioner. In his view the non-wage labour costs borne by employers as regards their workers should favour job creation and not the opposite. In any case, simply tinkering with existing systems will not be enough to solve the unemployment problem, in Mr. Flynn's view.

FISHERIES: Imports of fish from elsewhere are subject to controls until 31 December

The Twelve renew the measures adopted in March.

Fishermen may no longer be demonstrating in the streets of French and British ports, as happened earlier this year, but the white fish crisis is not entirely over. Imports of cod, angler and similar species from Eastern Europe have fallen slightly, but prices remain well below the levels reached before the crisis. What is more, many of the fish "originating elsewhere" are not subject to European Community health measures. Given these conditions, EC fisheries ministers decided at the end of October to renew the measures adopted in March (see Eurofocus 14/93): minimum import prices and a systematic check on fish consignments from non-EC countries.

In a report prepared for EC ministers, the European Commission has stressed that while EC health regulations are adequate, European inspectors lack the means to enforce them. As for Community legislation against fraud, it is not applied in the same way in all EC countries, with the result that imports of cheap fish from Eastern European countries enter the EC under a false "label", having passed through countries that are less demanding.

The rock bottom prices which leave fishermen resentful can be a boon to the food processing industry. This has prompted EC ministers to declare that they would like to "reconcile the legitimate interests" of these two economic sectors. It will not be easy, however, especially in view of the fact that the forthcoming opening of the European Economic Area (EEA) will facilitate the landing at EC ports of fish from the Nordic countries. As matters stand, the contested white fish from northeastern Europe often pass through Norway or Sweden, for example, before reaching the EC.

EC fisheries ministers believe they will have to look beyond the present crisis measures to more durable solutions.

CONSUMERS: Guarantees and after-sales service

The Commission's Green Paper marks the starting point of an in-depth discussion on these themes.

"We want to give the consumer additional rights each time he wants to take advantage of the facilities offered by the single market and do his shopping the other side of the frontier". It was with these words that the EC Commissioner with responsibility for taxation, customs and consumer policy, Mrs. Christiane Scrivener, presented the Green Paper on guarantees and after-sales service for consumer goods. And she went on to drive home the message: "It is necessary to consolidate the position of consumers and offer them adequate guarantees and after-sales service".

The reality, it should be pointed out, is very different, as was shown by the case, one among many, cited by Mrs. Scrivener. Mr X bought his dream car from an authorized dealer, only to have the dream turned into a nightmare. The car had numerous defects; but all attempts to correct them proved unsuccessful. Worse yet, new defects surfaced, so that Mr. X felt obliged to seek the help of a consumer organization and to request an expert opinion. Armed with the latter, Mr. X wrote to the seller and the regional distributor of the make in question, asking for the car to be replaced. His letters went unanswered. The consumer organization wrote along the same lines to the seller, the national distributor and the manufacturer. The regional distributor agreed to look for a solution, but refused to replace the car, offering instead to try repairing it once again. It was only following the start of legal proceedings and the publicity given to the case by a local consumer organization that the manufacturer finally agreed to replace the car.

But for every consumer who succeeds in getting a defective product replaced, there are many others who fail to get redress. A poll conducted by Eurobarometer in 1991 had shown clearly that the difficulties consumers faced in exchanging a

product bought in another EC country, or having it repaired, was the prime reason (53%) for their distrust of "frontier-free" shopping - and an obstacle in itself to the implementation of the single market.

Hence the initiative which has led to the adoption of the Green Paper. It is designed to meet the expectations of all those interested in these problems: national authorities, businesses and, of course, consumers. The Green Paper puts forward a number of solutions, and in particular the creation of a "Euro-guarantee" to which businesses could subscribe. As regards after-sales service, the Commission is suggesting that information on the availability of spares could be provided on a label. However, it would be necessary to harmonize legislation on legal guarantees first, particularly as regards the notion of product defects, the guarantee period and its effects (cancellation of the contract, reimbursement, repairs, etc.). The consumer should be able, in addition, to go directly to the manufacturer, should he find it impossible to contact his dealer. Commercial guarantees in turn should conform to the rules aimed at improving the information given to consumers and the conditions of competition between firms.

As for after-sales service, the Green Paper proposes three solutions. To begin with, a standard which would set the mandatory period during which spares would be available; next a solution of a voluntary nature, based on a code of conduct between the interested parties and, finally, an informative approach, aimed at allowing the consumer to do his shopping with full knowledge of the facts and aware of what he can and must expect.

The Green Paper is meant to be a starting point for an in-depth public discussion on all aspects of the subject, so that the European Commission has at its disposal all the elements it needs in order to embark on a future course of action in this field. Each of the interested parties, as well as all Community and national institutions, are invited therefore to set out their position, to provide the Com-

mission all relevant information and propose the measures they feel necessary - and all this before 30 April 1994. This is particularly the case as regards the practice of commercial guarantees, relations between manufacturers and distributors and consumer complaints, as well as the operation of the after-sales service.

Clearly there is no shortage of work. As regards the legal period of guarantee, for example, it ranges from a minimum of six months in Spain, Portugal, Germany and Greece, to one year in Denmark and Italy and up to a maximum of six years in Britain and Ireland. However, France, Belgium, Luxembourg and the Netherlands have not set a statutory period.

ENVIRONMENT: The 5th programme marks a turning point ...

... but much remains to be done, despite the 200 pieces of legislation already adopted in the course of the four earlier programmes.

"The environment invariably suffers because it is excluded from the market economy". In a speech which he gave in mid-October at the Centre for European Policy Studies in Brussels, the European Environment Commissioner, Mr. Paleokrassas, reminded his audience that environment policy is a shared responsibility and that the internal market requires homogeneous standards. The Maastricht Treaty on European Union puts the environment at the heart of all Community policies: in the current socio-economic context, the relationship between industrial development, employment and the environment is fundamental. In addition, a growing proportion of the total expenditure and investment will be in this sector in future, thus creating new markets and outlets. The fifth programme will have to continue the effort which has made it possible to adopt nearly 200 legislative measures during the course of the four earlier programmes.

INDUSTRIAL PRODUCTION: Still falling ...

... with no recovery in sight at the level of the European Community.

The crisis is taking root. Industrial production has continued to fall in the EC: the industrial production index showed a fall of 4.5% in July, as compared to July 1992 - which was more than in the 12 months to June (-4.2%). In the area of capital goods, which largely determines the changes in the level of economic activity, the fall this July was 5.7%. "There is no sign of stability", according to Eurostat, the EC's statistical office, which released these figures in mid-October.

Seasonally-adjusted production figures point to a 1% decline in industrial production in the three months from May to July, as compared to the three previous months. There was cold comfort for the EC in the fact that Japanese industrial production fell by 2.4% over this same period. In the United States, production has been more or less stagnant, but for a marginal rise of 0.2%.

Within the EC, nearly all production indices have recorded declines. This is true of the indices for food, drink and tobacco; textiles and the manufacture of metal articles as well as the indices for footwear and clothing - and the construction industry. A slight recovery seems to be on the way in the production of metals, the non-metallic mineral industry and, above all, in the motor vehicle industry. But the recovery in the motor industry is due exclusively to the 6.7% rate of growth recorded in the United Kingdom. Production even fell in Germany (by 1.3%), Italy (2.3%) and France (2.4%).

The U.K. in fact is the only major EC country to show signs of industrial recovery, with production rising by 0.8% during the three months from May to July, as compared to the three previous months. Production also rose in Greece (1.1%). In all the other EC countries for which statistics are available industrial production fell: by 0.1% in Italy, 0.6% in the Netherlands, 1% in Germany (West) and Ireland, 1.5% in France, 2% in Belgium and 3% in Denmark.



**EDUCATION: Cooperation between the EC and the United States**

Selected higher education institutions will take part in an exploratory phase of EC/US cooperation.

The European Community and the United States have taken a further step in their cooperation in higher education. They have selected 23 proposals for support, each involving a cluster of EC and American institutions. The selection was made on the basis of assessments by independent academic experts and staff on both sides. These "demonstration" projects cover a variety of topics of common interest and promise to be as profitable for the Europeans as for their American partners.

The topics include environmental microbiology; groundwater protection as a global environmental problem; technology and international management; agriculture and agricultural policies in the EC and the U.S.; the development of a graduate curriculum for the study of higher education; international marketing for smaller businesses and cooperative studies of immigration issues, ethnic identities and refugee policies.

Some 200 European and American universities and other higher education institutions will take part in these 23 projects, the list of which has just been published by the European Commission. Their implementation will require a high degree of cooperation, for it will involve the organization of student and teacher mobility, training in industry and the development of joint programmes and intensive seminars.

The selection was presented jointly by the European Commission Vice-President responsible for science, research and development of human resources, Antonio Ruberti, and the U.S. Education Secretary, Richard W. Riley. "This initiative", Commissioner Ruberti declared, "is a new departure in international academic cooperation ... (and) shows that the European Community is not only concerned with the removal of barriers to the free flow of goods, services and capital, but also encourages the crossborder movement of scholars and ideas".

Mr. Riley claimed the new programme "will enhance cultural, political and economic relationships among our nations. Students gain an international perspective - an invaluable asset in today's global workplace", he added.