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SUMMARY

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200 rue de la Loi • T-120 7/56 • 1049 Brussels • Belgium • Tel.: 299.90.52 • Fax: 299.92.08

ENVIRONMENT: The White Paper is also a "green" paper

The European Commission confronted by impatient ecologists.

You can reduce unemployment even while safeguarding the environment, but you cannot "clean up" economic activities from one day to the next. This, in a nutshell, is how the President of the European Commission, Jacques Delors, put it to the leaders of the main environmental organizations established in Europe in early February - the European Environment Bureau, the European Coordination for the Friends of the Earth, Greenpeace Europe and WWF (World Wildlife Fund).

The leaders of the environmental movement had come to meet President Delors and the European Environment Commissioner, Yannis Paleokrassas, for their second annual meeting with the Commission. They were of the view that the White Paper, "Growth, Competitiveness, Employment"*, did not devote much space to the question of durable economic development. They held that the White Paper, which sets out the broad guidelines for the Union for the end of the century, contains some positive features, but it gives bad habits more than is their due. The ecologists were critical, for example, of the fact that the EU is continuing to build roads and motorways with "European money". They also claimed that the aid granted by the European regional, social and agricultural funds do not take the environment sufficiently into account.

President Delors, for his part, pointed out that the Commission's White Paper is "a window open on the medium term". It introduces new ideas, by showing the link between unemployment and the excessive use of natural resources, and by proposing solutions likely to favour both employment and the environment. Products which require less raw materials for their manufacture, for example, are cheaper as a result, and last longer - stimulating the control and repair services - and materials which can be reused or recycled. The White Paper also suggests that scientific research be redirected towards "clean" areas, such as renewable energy sources, waste recycling and new materials. It also favours the adoption by economists of "green book-keeping", which consists of assessing developments - including the production of wealth - by taking into account their effects on the environment.

However, in order that the Twelve may accept it more readily, the White Paper should propose more traditional short-term measures. The fact is that some of them favour the environment, notably the development of railways and combined road/rail or train/boat transport, as well as certain major infrastructure projects.

But if there is an issue over which President Delors shares the impatience of the ecologists, it is the proposal to tax energies which pollute - the so-called "energy/ CO_2", a reference to carbon dioxide. The European Commission President has declared himself ready to fight to the very end of his mandate - at the end of this year - to get EU ministers to adopt this tax. For Mr. Delors this tax, which appears in the White Paper also, would encourage not only the defense of the environment but also employment, because it would make it possible to compensate a fall in social security payments on less qualified jobs.

* See Eurofocus N° 1/94.

SINGLE MARKET: Doing rather well, although there are problems

The European Commission draws up a balance sheet for the first year.

"It's doing rather well, but there are problems" is how the European Commission's Director-General for the internal market, John Mogg, summed up for the press at the end of January the balance sheet for the first year of the single market.

Mr. Mogg began by pointing out that there had not been a revolution from one day to the next on 1 January 1993: the "European laws" adopted to bring about the single market are slowly coming into force, over a period of several years, and their effects will therefore only be felt in time. Consequently, it is too soon to conduct an in-depth analysis of the benefits of the single European market: the Commission will publish a detailed report in 1996, along the lines of the Cecchini report, presented in 1988 in order to quantify the potential benefits of the "1992 project".

However, the Commission has taken the risk of evaluating as from now - at 0.4% - the extra economic growth which the single market can contribute annually to the European Union. The Commission has also pointed out that the single market has made trade between the Twelve considerably easier by putting an end to the 70 million forms which had to be filled in each year when crossing the EU's internal borders and by doing away with exchange controls. Above all, the 1992 project has created nine million new jobs between 1985 and 1992: in preparing themselves for the single market numerous companies have invested and taken on extra workers.

Despite the criticisms voiced recently, and often sharply, by national newspapers and professional bodies, of the operation of the single market, Mr. Mogg noted that the Commission has received only 430 complaints from European companies which felt that they had been unfairly excluded from markets in neighbouring countries. Companies must not be afraid to contact the Commission should they face problems, the director of the internal market declared, adding that their cases will be dealt with on a confidential basis. But for Mr. Mogg the most effective pressure on EU countries which do not respect the rules of the game is often exercised by other Member States.

These European rules are being applied increasingly by the Twelve - on paper, at least. As of 31 December 1993, by which time 95% of the European legislation needed to complete the single market had been adopted by their ministers, EU countries had transposed, into their national legislation, 87% on average of the measures. Denmark remained the star pupil, having transposed 96% of them; but even Spain, although in last place, had managed a very honourable 83%. However, only 75% of the measures were in force in all 12 Member States.

In order to spur on the countries which are falling behind, the European Commission has decided to open hereafter an infringement procedure when a "European law" has not been transposed in good time. "We can do better", Mr. Mogg told the press.

TRANSPORT: Freedom of the skies ...

... but state aid on the ground. Does the report of the "wise men" open the way to a compromise?

Deregulation, privatization and competition - this is the remedy for civil aviation in Europe, prescribed by the wise men, the so-called "Comité des Sages". Appointed by the European Commission, the Committee has just published its report, under the title "Expanding Horizons".

There can be no question, as far as the experts are concerned, of going back on the deregulation of the skies over Europe, or delaying its implementation. The measures agreed to by the Twelve in the framework of the third liberalization package, in force since 1 January 1993, must be fully implemented. Civil aviation in Europe must be liberalized and backed up by legislation which is inspired more by the EU than by national viewpoints, so that it can free itself from the straightjacket of Member States' sovereignty, which is strangling it to death by preventing it from recovering competitivity and flexibility. The report favours the European Commission taking charge, under a mandate from the Twelve, of relations between the Union and third countries, instead of leaving each of the Member States free to enter into bilateral agreements, without taking common interests into account.

"If we do not implement these recommendations", the European Transport Commissioner, Abel Matutes, has argued, "they will be implemented for us". These are not idle threats, despite the field in which they are being applied, given that the Americans, who have already deregulated their domestic market, have begun to knock on our doors, as is shown by their open skies agreements with Germany and the Netherlands. And the future looks bleak for European civil aviation, with its high operating costs, low productivity, excess capacity on many routes and, above all, the excessive fragmentation of the market among numerous national airlines. The skies over Europe should form a whole: one cannot hope to be competitive with fragmented skies, heavy landing fees, different rates of VAT (unknown in the United States), a congested European air space and an absurd patchwork of control systems.

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The Committee's President, the former Belgian transport minister, Herman De Croo, did not mince his words but bluntly listed the reasons for the difficulties facing European airlines: their operating costs are 48% higher than those of their American competitors - and not simply because of differences in the cost of personnel but above all because of a clear overspending by the various airlines.

Here are the remedies put forward by the Committee. To begin with the liberalization of the internal market, as now defined by Community law, must be fully implemented in the market place. Infrastructure bottlenecks must be tackled next, and eliminated as quickly as possible, so that landings and take-offs are not needlessly delayed. To this end it will be necessary to set up quickly a single air traffic management system and a genuinely European airport network system. The report also envisages new rules as regards taxation and, as already mentioned, a truly Community approach as regards external relations in the field of air transport.

Finally, and it is here that the shoe pinches, the Committee has disapproved of state aids to airlines. It has consequently called for an end to such aids, which it regards as the source of all the ills from which European civil aviation is suffering. Its tone has even hardened: "The Committee is of the view that financial support for companies by governments or other authorities must be banned". But it then adds that state aids may be considered "to allow the restructuring of companies in difficulties" - provided it is on a clear and genuine "one time, last time" condition.

This compromise is unlikely to convince everyone, including Commissioner Matutes; but it could turn out to be the loophole needed by the opponents of deregulation, who were represented on the Committee. The fact is that René Valladon, Chairman of the Joint Civil Aviation Council (Union "Force Ouvrière") and the only trade union leader on the Committee, refused to subscribe to the recommendations contained in the report. The transport committee of the European Trade Union and International Federation of Transport Workers followed suit, claiming the report was "null and void" and "much too liberal". It held that such an approach could lead to no fewer than 130,000 workers currently employed by European airlines and airports being thrown out of work.

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Completely private airlines, such as British Midland or British Airways (the only really profitable one among the majors) saw things very differently: "State aids distort competition and the airlines which enjoy them are not competitive. Subsidies allow the less efficient companies to remain in business". This view was shared by the president of SAS, Mr. Reinaas, who claimed that "State aids are the biggest threat to the health of air transport in Europe".

As for the European Commission, it is fully aware of the gravity of the problem. An enquiry is currently being conducted on the aids to Air France and the Portuguese national airline, TAP. Last December the Commission gave the green light to an increase in the capital of Aer Lingus, but on condition that it was accompanied by a strict restructuring programme. And the Commission will now have to look into the fresh state aids announced yet again by not only Air France but also Alitalia, Iberia, Lufthansa, Olympic Airways and Sabena, in order to decide whether to authorize them and, if so, under what conditions.

An ideological conflict, perhaps: but at stake are the 10 million jobs, which are either directly or indirectly concerned, as well as the nearly ECU 2 million* in losses posted by the European airlines in 1992.

The European Commission has its work cut out - as do the transport minister of the European Union, among whom unanimity is not always the done thing.

* 1 ECU = UK£0.75 or IR£0.78

UNEMPLOYMENT: 1993 was a bad year for jobs ...
... with the number of jobless rising by 1.9 million.

The 12-nation European Union ended 1993 with an unemployment rate of 10.9%, up from 9.9% in December 1992, and the 8.9% recorded the previous December, according to Eurostat, the EU's statistical office.

Unemployment averaged 10.5% last year, as compared to 9.4% in 1992, Eurostat has estimated. The United States had a more enviable record, with unemployment put at 7% for 1993, as compared to 7.4% the previous year. Japanese unemployment rose in 1993, but to just 2.4% on average, as against 2.2% in 1992.

Last year the number of unemployed averaged 15.8 million for the European Union as a whole. This represents an increase of 1.9 million as compared to 1992. Unemployment rose in all EU countries, although very unevenly: it reached a maximum of 25.8% in Germany (West) and 23.5% in Spain, while it was limited to 3% in Britain and Ireland.

ECONOMY: Luxemburgers have a higher purchasing power than the Japanese
Wealth creation in the EC and elsewhere in 1992.

In 1992 Luxembourg once again beat the European Community record for wealth creation with a per capita GDP (Gross Domestic Product), measured in terms of purchasing power standard, of 20,538 PPS, according to Eurostat, the EU's statistical office. Luxembourg has stayed ahead of Japan (18,771 PPS) and is now the only EU country to find itself in this enviable position. Germany also had forged ahead of Japan until its unification, while France was in a similar position until 1989. But even Luxembourg was some distance behind the United States (22,255 PPS).

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France was in second place among EU countries in 1992 with 17,646 PPS, ahead of Belgium (17,130), Denmark (16,812), Germany (16,777), Italy (16,506) and the Netherlands (16,061). The Community average was 15,617 PPS per head. Countries below it were Britain (15,422 PPS), Spain (12,121), Ireland (12,029), Portugal (10,532) and Greece (7,851).

The presence of East Germany within the EU since unification in October 1990 has raised the Union's economic growth rate to 1.16%, instead of 1.01%, according to Eurostat. United Germany had a growth rate of 2.12%, rather than 1.56% without East Germany.

TRANSPORT: Improving the safety of funicular railways and chairlifts

The European Commission proposes European legislation to the Twelve.

A vacation in a mountain resort can turn into a nightmare in the event of an accident to funicular railways, chairlifts, cablecars and similar means of public transport. So far there are no European standards for such equipment, and the firms which make them, or who produce the necessary safety devices, cannot sell their output freely throughout the 12-nation European Union. It is in order to fill this gap that the European Commission proposed to the EU Council and the European Parliament in early February a directive or "European law".

This "law" would ensure the same high level of safety throughout the EU for this form of public transport. It sets out the basic requirements from the viewpoint of safety and environmental and consumer protection, as well as the procedures to be followed when checking to make sure that all installations meet these requirements. The technical standards would be drawn up by experts representing the EU and the manufacturers on the basis of this legislation.