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frontier-free EUROPE

Guidelines for economic renewal in Europe

■ by Jacques Delors, President of the European Commission

The European Community is hit by massive unemployment, as in the early 1980s. More than 17 million people are affected. What is more, 16 out of 100 unemployed people are under 25 years of age, while 45 out of 1 000 have been unemployed for more than a year. Europe must give top priority to creating economically and socially useful jobs.

It will be necessary **to stay on course for Economic and Monetary Union** (EMU) in order to recover the drive which marked the years 1985–90. A single currency will consolidate the single market, make investment more attractive and stimulate the savings needed to finance major infrastructure projects. To this end, it is necessary to get back on the road to convergence, make the single market productive and reconcile the building of Europe and the aspirations of ordinary people, by pointing out the benefits to be gained from developing the Community.

A Community which is **open to the world and in solidarity with it** must keep up its efforts to bring the Uruguay Round to a swift conclusion, with a balanced agreement which leads to the creation of a world trade organization. This body will have to base its action, in particular, on currency movements, the cost of environmental protection and social progress.

As regards **research, development and innovation,** we must aim to devote 3% of gross national product (GNP) to it, as against 2% at present. We must set up, at the European level, frameworks for cooperation between businesses to help them harness innovation and adapt production processes.

By making it easier and cheaper for people, goods and services to move around, we will increase the competitiveness of the European economy. **Efficient networks of transport and telecommunications infrastructure** will be of great value for regional planning and economic and social cohesion. We must give ourselves 10 years in which to stimulate the European industries involved in the design and construction of this infrastructure, for which an annual expenditure of ECU 30 billion represents a realistic minimum target.

The new technological revolution will lead to a decentralized economy, with a properly trained work-force and an abundance of small and medium-sized businesses, all cooperating with one another. To this end we need to create **'European information infrastructures',** the real bloodstream of the economy of the future and the means of stimulating the information, telecommunications and optical fibre industries, with the prospect of abundant supply over a number of years. An initial investment of ECU 5 billion is required, to be followed by an annual ECU 5 to 8 billion programme. For these new trades and professions it will be necessary to set up European training courses and encourage distance working by computer.

Profound changes in our educational systems are necessary. It is essential to combine knowledge with know-how and develop each individual's creativity and initiative. The right of each person to lifelong training would enable all young people to acquire, by means of training vouchers, initial education and/or training later on.

We must move **towards a new model of development.** Taking account of the environment will create new jobs. Taxing scarce natural resources will make it possible to reduce excessive taxes on labour, thus enhancing Europe's economic competitiveness. Fresh productivity increases must be used to improve the quality of life and create new jobs.

More active policies towards the labour market will be required. Priority must be given to providing every newcomer to the labour market with a job, activity or useful training. It is not a question of holding back technological and economic change, but rather of anticipating it and dealing with it in good time. Finally, the quality and the number of job agencies must be increased, so as to provide effective help to every jobless person.

These, in broad outline, are the guidelines that I presented to the European Council in Copenhagen. They must lead to the preparation of a medium-term strategy for Europe's economic renewal.

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JULY/AUGUST 1993
The text of this issue was completed on 12 July 1993.

DECISIONS

■ Agreement on the Structural Funds

EC ministers reached an agreement on 3 July on the ground rules to be applied, in the period from 1994 to 1999, to the sums made available by the Community to reduce regional and social disparities between the Member States. These resources are provided by the EC's regional, social and agricultural Funds, to which a fisheries Fund will be added. Last December, the Edinburgh Summit fixed the financial resources to be made available at ECU 141 billion in all (ECU 1 = UK £ 0.77 or IR £ 0.80). The development of the most disadvantaged regions and the fight against unemployment continue to have priority. The Twelve adopted six regulations ('European laws') setting up the new system of aid; the 'laws' presently in force expire on 31 December 1993. It is expected they will be definitively adopted in the second half of July, after a final examination by the European Parliament.

■ A European anti-drug unit

In order to fight drug traffickers effectively in the single European market, EC Home and Justice Ministers decided on 2 June to set up a 'drugs unit', to become operational as soon as the Twelve have found it a home. The unit will enable police in the 12 EC countries to exchange systematically information on the drugs trade. It will be the first element of Europol, the permanent body for cooperation among police throughout the Community.

ANOTHER ECU 3 000 MILLION FOR THE RELAUNCH

In order 'to restore confidence' in the short run, the EC Heads of State or Government, meeting in Copenhagen on 21 and 22 June, added ECU 3 000 million to the ECU 5 000 million temporary facility agreed in Edinburgh last December. The European Investment Bank (EIB) has been entrusted with the task of lending this sum, ECU 2 000 million of which will be for trans-European transport, energy and telecommunications networks, and ECU 1 000 million for small and medium-sized enterprises (SMEs). SMEs are also likely to benefit from interest-rate subsidies, to a maximum of 3 percentage points over five years, linked to job creation. Finally, they envisage lending by the Community to Member States, between now and 1995, of a part of the sums they must receive in the form of regional and social aid until 1999. The Twelve have asked the European Commission to present to them before December a White Paper on a medium-term strategy for growth, competitiveness and employment (see page 1).

■ Common rules for medical devices

As from 1 January 1995, the thousands of non-implantable medical devices, such as X-rays, condoms and syringes, will be subject to the same safety rules throughout the 12-nation Community. EC ministers adopted on 14 June a directive ('European law') which sets out the basic public health requirements which these devices must meet if they are to be marketed freely throughout the single market. Whenever necessary, European standards organizations and the medical profession will draw up the specific standards for each device.

■ Better food hygiene

With a view to raising the level of food hygiene in the Community, EC ministers adopted on 14 June a directive which sets out the general rules to be followed by all those employed in the foodstuffs sector, whether in small bakeries or factories. This 'law' covers the treatment of foodstuffs, from production to point of sale. The same day the Twelve adopted another directive, which seeks to strengthen official control of foodstuffs. This directive now goes before the European Parliament.

■ Limiting working hours

A directive adopted by EC ministers on 1 June, after more than two years of debate, provides for: a working week of 48 hours maximum on average, including overtime; a night shift limited to 8 hours without a break on average; a daily unbroken rest period of 11 hours at least and a weekly rest period of 24 hours at least, without interruption and, finally, four weeks of paid holiday each year. This directive, which the European Parliament must look at again, is not revolutionary, especially as the United Kingdom has won the right to exceed a 48-hour working week if workers so decide. However, it will require nearly all EC countries to modify at least one feature of their existing legislation.

■ Single market in beauty products

The remaining obstacles to the free movement of beauty products will disappear on 14 June 1995, when a directive adopted by EC ministers on 14 June will come into effect, requiring manufacturers to indicate the ingredients on the packaging. This information, of importance to consumers, will be presented in 'European terminology', thanks to a common nomenclature to be drawn up by the Twelve. The directive also lays down the criteria for the information which manufacturers, as well as importers of beauty products from non-EC countries, must keep available for the supervisory authorities, covering, in particular, the quality, efficacy and safety of their products. The directive also bans, as from 1 January 1998, the marketing of products whose ingredients have been tested on animals.

■ Encouraging companies to go 'green'

Companies which want to protect the environment, and to let the fact be known, have two good reasons for so doing. Firstly, EC ministers adopted on 29 June a regulation allowing voluntary participation by manufacturing companies in a Community ecomanagement and audit scheme. Companies wanting to join the scheme must undertake to modify their activities so as to make them more environmentally friendly, and to allow an independent body to monitor them. An official agency has been entrusted with managing the scheme in each EC country. Secondly, the European Commission adopted, on the same day, the criteria for awarding a 'green' label for environmentally friendly dishwashers and washing-machines. The new label is in the form of a flower whose petals have been replaced by 12 stars. It will be awarded by national bodies but will be valid throughout the Community. The cost to companies will be ECU 500 and 0.15% of annual sales of the product in question.

■ Liberalizing road haulage as from 1998

Carriers established in one European Community country will be able to carry goods freely within another EC country as from 1 July 1998. EC ministers agreed on the principle of goods cabotage on 19 June. Meanwhile, Community carriers will share among themselves the 30 000 cabotage authorizations valid for a period of two months to be issued next year as compared with about 19 000 at present. The number of authorizations will be increased annually by 30%, starting from 1 January 1995. The Twelve must transpose these measures, linked to agreements on the taxation of carriers (see below), into a 'European law' before the end of this year.

THE BUDGET OF THE EUROPEAN COMMUNITY

The budget of the European Community is the financial instrument of Community policy. As is the case with Member States' budgets, a great deal is said and written each year about the Community budget. It provokes intense discussion between the European Commission, which prepares the first draft, the European Parliament, which uses it as a warhorse in its campaign to unite Europe, and the Council of Ministers, which tends to apply the brake to spending. The most striking feature of the Community budget continues to be the high level of expenditure on agriculture. None the less, Europe is now developing in such a way that funds are being redirected towards other areas of activity, more especially in the regional and social spheres.
Since the start of the 1980s, Community expenditure has risen from 1.7 to 2.4% of the total public expenditure of the Member States. At ECU 68 billion, total Community expenditure in 1993 amounts to only 1.2% of the Twelve's total gross domestic product.
The European taxpayer's money is not swallowed up by an administrative machine: it is used to finance measures to achieve the aims of European integration and most of the revenue is redistributed throughout the Community. Despite the need for the European institutions to work in all the official languages, administrative expenditure accounts for only 4.7% of the budget.

Agricultural expenditure

The objectives of the common agricultural policy (CAP) were set by the Treaty establishing the Community: to increase the productivity of agriculture, to ensure a fair standard of living for the agricultural community, to stabilize markets, to guarantee security of supply and to ensure reasonable prices for consumers. Although these objectives have for the most part been attained, this has necessitated a constant process of adaptation, the most recent example of which was the reform of the CAP agreed by the Council of Ministers in May 1992. Based on more competitive prices and direct aid for those farmers in greatest need, the objectives of this reform are to reduce surpluses, slow down the flight from the land and safeguard the environment by discouraging intensive production methods.
In 1993 agriculture still accounts for 48.8% of the Community's financial commitments (ECU 35 billion): it is in this sector that the transfer of powers and therefore of national expenditure to the Community has gone furthest. Yet the cost of the CAP is very modest at around ECU 0.3 per head, i.e. about the cost of three cigarettes per day. It should be stressed that all the industrialized countries — the United States of America and Japan in particular — have developed a policy of aid for agriculture designed to afford agricultural workers a level of earnings comparable with that of workers in other sectors.

Structural, social and regional operations

If all the citizens of the Community are to enjoy the advantages of the single market and the economic and monetary union being constructed, the Community and its Member States must rise to the challenges of reducing the disparities in wealth between regions and improving the employment situation, in short the challenge of greater economic and social cohesion. It is for this reason that the Community is devoting ECU 22.2 billion to the modernization of economic structures, especially on a regional basis, and to the improvement of the social situation of the underprivileged sections of the population. This figure of ECU 22.2 billion accounts for 30.9% of the Community's total financial commitments in 1993, as against 18.5% in 1988. Regional and social expenditure take second place to agricultural expenditure.
In accordance with the decision taken by the Heads of State or Government at their meeting in Edinburgh in December 1992, an even greater effort will have to be made to reach the figure of ECU 31.8 billion in 1999 (at 1994 prices). The essential aims are: support for the development of the poorest regions and conversion of declining industrial areas, contribution towards the occupational integration of young people and combating long-term unemployment and promotion of rural development. These are the goals of the European Regional Development Fund, the European Social Fund and the Guidance Section of the European Agricultural Guidance and Guarantee Fund as well as of the recently established Cohesion Fund. This is a long-term endeavour but one which will have its rewards. It is estimated that over the period 1989–93 the effect of the European Structural Funds has been to raise the level of prosperity by 1.5 to 3.5% and to provide 500 000 new jobs in the poorest regions of the Community.

Research

Research and technological development are the key to Europe's future. The Community has a framework programme enabling it to support many research projects involving teams from the various member countries. Endowed with ECU 2.6 billion in 1993 (3.6% of total financial commitments), Community research policy seeks to concentrate efforts on a number of strategic sectors, with some considerable success, as the following examples clearly demonstrate.

The fourth Community medical research programme has mobilized over 3 000 European university and hospital research teams to work in the fields of cancer, AIDS, medical technology, health problems connected with ageing, etc.
To stimulate the mobility of research workers, between 1983 and 1992, the Community supported 2 576 transnational laboratory link-ups and 3 884 joint research operations.
In 1991, for the first time in the world, 147 European research workers from 35 different laboratories operating as a network succeeded in fully analysing a chromosome of a living organism, that of yeast.
In a country like France for example, one public research team in five and one in twenty of firms which engage in research are involved in Community programmes. In the exact and natural sciences, one out of every seven theses written comes under a Community programme.

Other internal policies

The other internal policies — transport, education, culture, energy, environment, consumer protection, the internal market and industry — have ECU 1.5 billion (2.2% of total financial commitments) at their disposal in 1993.
The Community devotes some ECU 250 million to the mobility of young people, workers, students, teachers and scientists. In 1992, through the Youth for Europe, Erasmus, Comett, PETRA and Lingua programmes, some 200 000 young Europeans were able to obtain Community support to study, train, learn foreign languages or simply live for a short time in another Member State.

External action

The 1993 Community budget allocated ECU 4.3 billion to external Community activities, taking the form mainly of efforts to contribute to the development of the Third World and to the economic reconstruction of the new democracies in Central and Eastern Europe. In addition to the ECU 1.6 billion allocated to these policies, the budget contains ECU 0.6 billion for Latin American and Asian countries, ECU 0.4 billion for the non-member Mediterranean countries, ECU 0.7 billion for food and emergency aid and ECU 1 billion for various other cooperation activities.
Furthermore, the European Development Fund (EDF), which does not come under the Community budget, is endowed by the Member States with ECU 10.9 billion for the period 1990–95. The EDF is a financial instrument specifically intended to assist those African, Caribbean and Pacific countries which have signed the Lomé Convention with the Community. If the EDF and the general budget are taken together, 9.2% of financial commitments for 1993 are seen to relate to cooperation with the rest of the world.
The Twelve are not only the Third World's chief trading partner, they are also the world's leading provider of public development aid. In the area of food aid alone, the Community is the second-largest donor after the USA. In 1992, 2 185 million tonnes of cereals were granted either direct to some 30 Third-World countries or via international or non-governmental organizations to 45 countries.
As the Community has undertaken to support the new democracies in Central and Eastern Europe, with which it has concluded many agreements, the European Commission coordinates, and partly finances, some major international programmes to help these countries. For example, the Community covers over half the cost of the technical assistance provided for the independent States of the former Soviet Union.

How the budget is financed

The general budget of the European Communities is financed by means of revenue which it receives as of right. The growth of these 'own resources' is limited by a ceiling set by the Member States: 1.20% of the Community's gross national product (GNP) in 1993, 1.27% in 1999.
This revenue comprises customs duties and agricultural 'levies' — charges collected on products imported from outside the Community (23.4% of total revenue in 1993). Added to this is an amount calculated by reference to the VAT base determined in accordance with Community rules (54.5% of total revenue) and a resource based on GNP. Each of the Member States contributes to this fourth resource (21.4% of total revenue) according to its prosperity. The VAT and GNP resources come from the tax revenue of the Member States and are not collected direct from the taxpayer. This explains why the Member States are often very critical of the Community budget.

The decision-making process

Drafted in its broad lines by the European Commission, the general budget of the European Communities is adopted by the European Parliament and the Council of Ministers, which are made up of representatives of the Member States.
Firstly, the Commission produces a preliminary draft on the basis of the estimates of the requirements of the Community and its institutions, the anticipated revenue and the multiannual financial perspective. This preliminary draft is forwarded to the Council, which, after amending it, adopts a draft.
The European Parliament then proposes modifications to what are known as 'compulsory' expenditure items, i.e. which arise from the European Treaties or acts adopted under the Treaties (roughly 53% of the budget). Within certain limits, Parliament can amend the other items of expenditure known as 'non-compulsory' items. It is Parliament which ultimately adopts the budget.

Control of expenditure

The Commission's financial management is subject to internal control under the authority of a Financial Controller. The Commission has also set up a specific unit for combating fraud. On the external front, the Commission's management is subject to the dual supervision of the Court of Auditors and the European Parliament.
The 12 members of the Court are appointed by common agreement for six years by the Member States; they verify that revenue is received and expenditure incurred in a lawful and regular manner and that financial management is sound. As the body which exercises political and democratic control over the Community, the European Parliament can dismiss the Commission. It comments on the Commission's programme and supervises the proper implementation of the Community's policies, for which it draws on the reports produced by the Court of Auditors.

Key figures

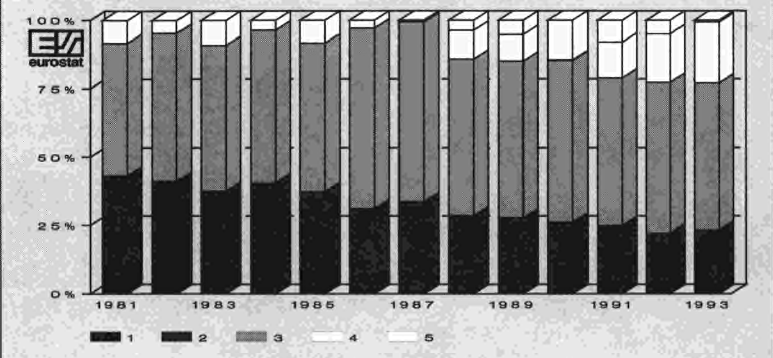
eurostat

Statistical Office of the European Communities, L-2920 Luxembourg, Tel. 4301-34567

The budget in the Community

Financing of the Community budget

Resources of the Community budget (as a % of total resources), 1981-93



1 = agricultural levies; 2 = customs duties; 3 = VAT; 4 = 4th resource; 5 = miscellaneous

VAT revenue is the main source of the Community budget (54% in 1993).

Customs duties levied on imports from non-Community countries have steadily declined in relative importance and will account for approximately 20% of revenue in 1993 (compared with 33.8% in 1981).

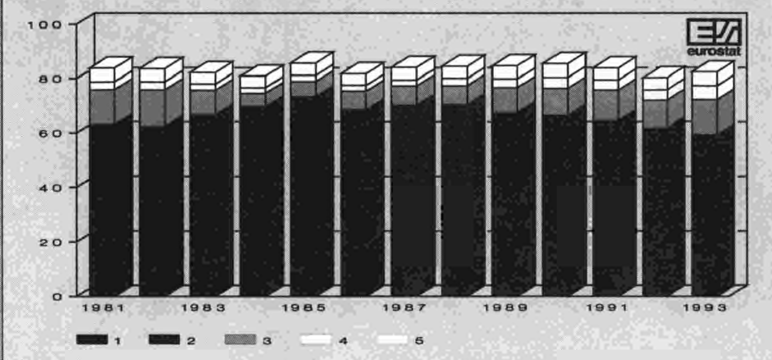
The introduction in 1988 of the fourth resource based on the gross national product (GNP) of the Member States has altered the breakdown of resources. In 1993 this resource will account for 22.4% of all revenue.

Breakdown of Community budget revenue (%)

	Agricultual levies	Customs duties	VAT	4th resource	Miscellaneous
1988	6.2	22.3	57.2	10.6	3.7
1993	3.4	19.8	53.8	22.4	0.7

Expenditure in the Community budget

Budget of the European Communities: structure of expenditure (as a % of total expenditure), 1981-93



1 = EAGGF-Guarantee; 2 = ESF; 3 = ERDF; 4 = EAGGF-Guidance; 5 = administration

'Green Europe' absorbs more than half of the Community budget, primarily because of expenditure to support agricultural prices. This has fallen constantly since 1988.

In 1981 ESF measures (European Social Fund) accounted for 3.3% of expenditure. Since 1989 the figure has been about 7%.

ERDF spending (European Regional Development Fund) has been about 10% of overall expenditure during the period in question. It peaked at 13.6% in 1982 and reached a low of 5% in 1984. In 1993 it will be 13%.

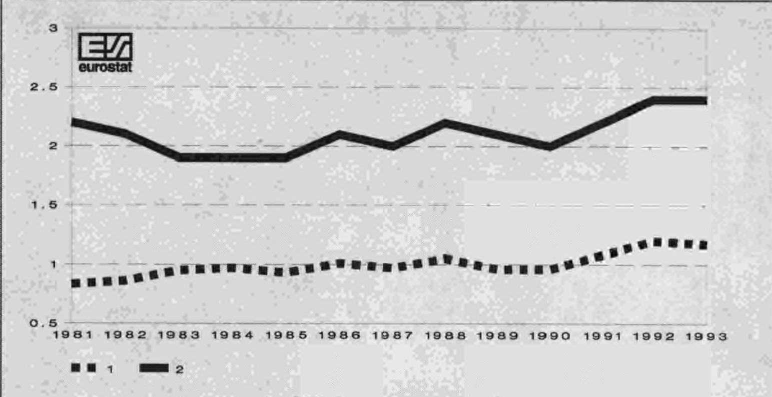
Administrative costs represent about 5% of overall expenditure.

Breakdown of Community budget expenditure (%)

	EAGGF-Guarantee	ESF	ERDF	EAGGF-Guidance	Administration
1988	65.0	5.4	7.0	2.7	4.5
1993	51.3	7.9	13.0	5.1	5.2

Size of the Community budget

Community budget (as a % of Member States' government expenditure and Community GDP), 1981-93



1 = GDP; 2 = government spending.

In relation to the GDP of the Community as a whole, Community budget expenditure has crept upwards from 0.83% in 1981 to 1.17% in 1993, with a peak of 1.20% in 1992. There was a noticeable rise between 1990 and 1992.

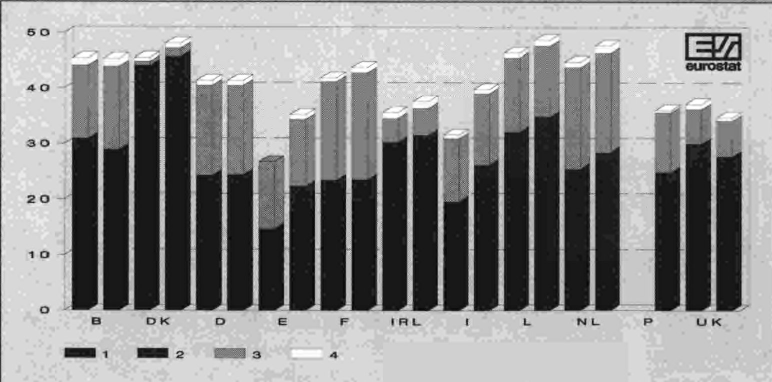
The Community budget amounted to 2.4% of overall government spending in the Member States in 1991. There has been a marked fluctuation in this figure during the period in question.

Relative size of Community expenditure (%)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
as % of GDP	0.83	0.86	0.95	0.97	0.93	1.01	0.97	1.05	0.96	0.96	1.08	1.2	1.17
as % of national government spending	2.2	2.1	1.9	1.9	1.9	2.1	2.0	2.2	2.1	?	?	?	?

Tax burden in the Community

Revenue of government and Community administrations derived from taxes and social security contributions (as a % of GDP), 1981-93 (excluding B, E and IRL – 1990; L – 1987; P – 1988)



1 = central government; 2 = local government;
3 = social security administration; 4 = Community institutions

The tax burden varies widely depending on the Member State, ranging from 34.9% of GDP in the United Kingdom to 48.8% in Luxembourg.

Revenue raised for central government accounts for the major share in all Member States and in 1991 reached 30.8% of GDP in Denmark (where social security contributions are included in the budget, which accounts for the low figure for Denmark's social security administration in the table).

The main change in the structure of the tax burden (in relation to GDP) between 1981 and 1993 affected the United Kingdom, where there was a significant drop in local government revenue.

Breakdown of tax burden of GDP, 1991 (excluding B, E and IRL – 1990; L – 1987; P – 1988) (%)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Central government	26.9	30.8	21.4	:	17.7	19.5	30.4	24.3	29.5	27.1	22.9	27.6
Local administration	2.0	14.9	3.0	:	4.6	4.0	1.1	1.9	5.4	1.4	2.0	0.2
Social security administration	15.0	1.5	16.1	:	12.1	19.3	4.9	12.8	12.7	17.8	10.8	6.4
Community institutions	1.4	0.9	0.9	1.4	0.9	1.0	1.2	0.8	1.1	1.4	0.4	0.6
Total tax burden	45.1	48.1	41.4	:	35.1	43.9	37.5	39.8	48.8	47.7	36.1	34.9

■ Commission rejects fake differences

Where the marketing of products has not been 'Europeanized', manufacturers may be tempted to create 'national' products, which differ from each other only slightly, for sale through sole distributors in order to prevent parallel imports. As the European Commission wants to discourage such practices, which amount to a negation of the single market, it decided on 22 June that an agreement between the Italian chemical company ZERA Montedison and its sole distributor for Germany, Stähler, amounted to a violation of EC competition rules. The agreement in question has already ended; but the Commission, which regards the case as representative, has announced that it plans to keep an eye on the sectors concerned, in order to be able to spot such practices.

□ BRIEFLY

EC ministers adopted on 14 June **the three remaining directives dealing with public contracts.** The first extends to services the procedural arrangements which apply to supplies and public works in the water, energy, transport and telecommunications sectors. The second directive consolidates European rules as regards public works for the other sectors, while the third does the same for supplies.

There was progress towards **the free movement of medicinal products** on 14 June, when EC ministers adopted three directives. Two of them approximate national laws and regulations while the third repeals a 'European law' regarding high-technology medicinal products. Adoption of the regulation setting up a European Agency for the Evaluation of Medicinal Products is still awaited. The Agency is a key element in the Community-wide system to be introduced in 1995.

The present **system of aid for the EC transport infrastructure** will continue this year and the next, with a budget of ECU 325 million. EC ministers decided on 25 June to extend it, pending the ratification of the Maastricht Treaty, which provides for support for trans-European networks. This aid is of particular interest to high-speed trains and combined road-rail transport, as well as to the transport system in Greece, Ireland and Portugal.

In order to enable the **integration of Portuguese agriculture into the single market,** EC ministers decided on 1 June to grant aid of up to ECU 60 million over three years. The aim is to help with the modernization of Portugal's agro-food industry.

Producers and distributors of **television programmes made in the cinema's 16 : 9 format,** rather than the current 4 : 3 format, will be able to ask for help from the EC budget for meeting up to 50% of the higher costs this may entail. EC ministers adopted in principle an ECU 160 million action plan designed to encourage use of the new format and running until 30 June 1997.

EC ministers adopted on 1 June a directive which sets out **safety standards for large fishing boats.** It will be binding on shipowners throughout the Community. The new 'law', which the European Parliament must still look at, prescribes the proper maintenance of vessels and their periodic inspection by national authorities.

Under an agreement in principle reached by EC ministers on 14 June, the **term of protection of copyright** and certain related rights will be harmonized in the Community. It will be the author's lifetime and 70 years after his or her death; it will be 50 years in the case of the rights of performers and film and record producers.

A regulation, adopted in principle by EC ministers on 14 June, will make it possible to **obtain comparable statistics,** especially on the structure of enterprises and groups of enterprises, and on mergers, buy-outs and take-overs. It will encourage the Twelve to draw up national business registers in the same way for statistical purposes.

In order to ensure the success of the single market, EC ministers decided on 28 June to **harmonize maximum levels of pesticide residues,** as laid down for fruit and vegetables as well as for other products of plant origin.

The single market in bananas opened on 1 July as had been decided. The European Community Court of Justice rejected, on 29 June, a request from the German Government that it be exempted from the common system, pending the outcome of the Court proceedings between Germany and the EC Council of Ministers. Bonn has challenged the legality of this system, which introduces import duties on Latin American bananas.

Since 1 July, **small airlines** can manage airlines with the commercial and financial support of another company. A regulation adopted by the European Commission on 25 June allows it for three years. At the same time, the Commission renewed its authorization for other forms of cooperation between airlines, particularly coordinating timetables and managing reservation systems.

EC ministers agreed in principle on 14 June to limit the maximum **engine power of motor cycles** in the Community to 100 hp. But every EC country will still be authorized to register models of up to 125 hp for five years after the new directive comes into force. The definitive adoption of this directive, as well as four other 'laws' regarding motor cycles adopted in principle on the same day, is still awaited. Six other 'motor cycle' directives were adopted on 14 June.

As from 1 October 1993 new models of **light commercial vehicles** will have to meet the same emission standards as are in force for cars, in order to be marketed throughout the Community. This requirement will apply to all new light commercial vehicles as from 1 October 1994. These measures, adopted by EC ministers on 29 June, apply to minibuses which can carry a maximum of 10 persons and vans of less than 3.5 tonnes in weight.

EC ministers added safety requirements on 14 June to 'European laws' covering **mobile machinery and lifting devices** currently in force. These measures concern lifts for building sites.

INITIATIVES

● European employment compaign

The European Commission launched on 26 May an 'employment initiative' aimed at getting national, regional and local authorities in the European Community to act together, in order to reduce the number of jobless people by half between now and the year 2000. The Commission wants European and national leaders to analyse systematically possible solutions to the unemployment problem, with a view to reaching firm conclusions before the end of next year.

○ The nine EC countries which belong to the **Schengen** group — the Twelve minus the United Kingdom, Ireland and Denmark — agreed in Madrid on 30 June that their agreement on the **free movement of people will take effect from 1 December 1993.** They also set out the conditions to be met before then, particularly as regards the operation of a police information system.

○ The Twelve undertook on 19 June to apply, as from 1 January 1995 at the latest, **minimum European rates of tax on lorries.** However, Spain, France, Greece, Italy and Portugal will be able to apply lower rates until the end of 1997. Meanwhile, Germany, Denmark and the three Benelux countries decided to require carriers to pay user charges for the use of their motorways as from 1 January 1995. The charge will be paid by the purchase of a vignette. This common system, approved by the Twelve, implies neither border checks nor discrimination based on nationality.

○ **Britain's Treasury Minister** submitted to his EC partners on 12 July a convergence programme designed to reduce budgetary deficits and hold down inflation at a low level. The aim of the programme is to bring the British economy more in line with the criteria contained in the Maastricht Treaty.

○ With a view to **informing lawyers and other members of the legal profession of the EC competition rules,** the European Commission is organizing a seminar in Brussels on 27 and 28 September. Registrations are being handled by the Commission of the European Communities, DG IV, Cort. 158 — 8/39, 200 rue de la Loi, B-1049 Brussels. Fax: 296 59 93; Tel.: 295 59 12.

SEEN FROM ABROAD

▶ VAT comes to Poland

On 5 July the Polish Government introduced VAT, a typical 'Community' tax, with the EC's technical help. Poland now has a standard VAT rate of 22% and a reduced rate of 7% for goods and services of a social nature.

▶ 'European' harmonization in Switzerland

The Swiss Government adopted on 5 July a legislative programme aimed at bringing the country's technical standards into line with those of the single European market. The programme should result in modifications to numerous regulations as from next spring.

SMEs

◆ A new action programme for 1993 to 1996

The EC Council of Ministers decided on 14 June to adopt a new programme (1993–96) for small and medium-sized enterprises, in order to encourage growth and employment in keeping with the guidelines of the European Council in Edinburgh. This programme, which has been applied since 1 July, strengthens and consolidates the actions undertaken by the Community since 1986 in order to help SMEs take advantage of the single market. It aims at improving the legal and administrative environment for businesses and reducing costs arising from Community legislation, including indirect taxation. The programme will also make it possible to develop and strengthen the European services available to SMEs:

(i) the Euro Info Centres (there are 210 information centres covering the entire Community);

(ii) the networks for finding partners: the business cooperation centres (BCCs) and the business cooperation network (BC-NET);

(iii) the programmes for putting entrepreneurs in touch with each other (Europartenariat and Interprise);

(iv) the actions designed to encourage cross-border subcontracting.

The programme will also seek to ensure that the various Community initiatives and policies take SME interests fully into account. In addition to these priority areas, the programme will also ensure the continuation of the other elements of business policy. Therefore, it will be necessary, among other things, to encourage SMEs, including the craft industry, to adapt to structural changes as well as to changes induced by the single market, to improve financing possibilities and to keep a better watch on the economic evolution of businesses. The Twelve plan to devote a total of ECU 112.2 million to this programme.

◆ European Business Week: the answers to all your questions

Are you a company manager determined to take full advantage of the single market and you want to find out more about it? Then note that the second European Business Week will take place from 4 to 8 October throughout the European Community. This year's theme is 'Small businesses: the dynamic force within the single market', and the Community's information (Euro Info Centres) and cooperation (BC-NET and BCC) networks will be organizing a series of events — lectures, seminars, round tables, open days, etc. — in numerous European cities during the entire week.

To find out more about this programme, which has been designed to help company managers become more European, contact your nearest Euro Info Centre or your BC-NET correspondent. If you do not know them as yet, send us a fax at (32 2) 280 19 93 and we will put you in touch with them.

During last year's European Business Week, the EIC, BC-NET and BCC networks organized over 2 000 events in no fewer than 400 cities in the Community. More than 60 000 company managers took part.

◆ Meeting European standards

The European Commission recently launched a new 'Euromanagement' pilot project aimed at helping SMEs identify and partly solve the problems they face as regards standardization, certification, quality assurance and health and safety at the workplace. In this connection, 43 consultants — 40 from the European Community and three from the EFTA countries — selected by the Commission will assess some 700 SMEs. Half the costs will be met by the Commission; the consultants will have to find other sources of finance, whether public or private. Consultants from the EFTA countries taking part in the pilot scheme will meet their own costs.

The consultants should embark on the task of evaluation quickly and submit a report at the beginning of next year to the study coordinator, AFNOR, the French standards organization, which will present a synthesis of it. This will enable the European Commission to identify better the problems facing SMEs as they seek to meet European requirements. For their part, company managers, who will be given the consultants' full evaluation report, will have a better idea of the European dimension and be in a position to take the necessary measures. SMEs interested in this pilot scheme can contact Mr von Wedell of the European Commission, DG XXIII (Business Policy), in Brussels. Fax (32 2) 295 21 54.

◆ Europartenariat: after Lille, Glasgow

Europartenariat France Nord-Est has closed its doors in Lille, in northern France. It was the biggest European gathering dedicated to interbusiness cooperation ever to take place in France and in Europe. It enabled 414 SMEs located in Nord-Pas-de-Calais, Picardy, Champagne-Ardenne and Lorraine, as well as 80 businesses located in Corsica and the French overseas departments, to meet the representatives of some 1 500 companies from all over the Community as well as the EFTA countries, Central and Eastern Europe and the Mediterranean basin. Europartenariat France Nord-Est was able to organize more than 10 000 separate meetings between representatives of local SMEs and their visitors during the two-day event in Lille this June. The aim was to give these SMEs, located in an area of France which is facing problems of industrial restructuring, the opportunity to find partners and to take part in the industrial redeployment of their region. Since the launch of the Europartenariat programme in 1987, and excluding the event in Lille, some 20 000 meetings have been organized involving 7 000 businesses. On average, 40% of the SMEs of the host region have concluded cooperation agreements following their participation in Europartenariat.

The next Europartenariat will take place in Glasgow on 13 and 14 December.

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