



## A research policy for a frontier-free Europe

■ by Antonio Ruberti, Member of the European Commission

The European Commission has just proposed a new framework programme of research and technological development for the years 1994 to 1998. It will be the fourth such programme, the first of which dates back to 1984. During these 10 years, the Community's activity in the scientific and technological field has helped bring about substantial changes in European research. Networks which bring together university laboratories, public research institutes and large and small companies have been set up. Cooperation between them has developed to the point where it now seems irreversible. Even so, the two major problems which Europe suffers from in the field of research cannot be regarded as having been fully resolved: the fragmentation of its efforts and the difficulties it faces in translating its scientific and technological achievements into economic and commercial successes. It is this twofold problem which the fourth framework programme seeks to tackle.

**Programmes with a greater impact** In order to reinforce the economic and social impact of actions undertaken at Community level, the effort will be concentrated, within each major field, on a certain number of generic technologies, susceptible of giving rise to multiple applications. In the field of energy, the initiatives will focus on areas of primary interest for the Community. Alongside information and industrial technologies, special emphasis will be laid on research in the areas of transport, life sciences and technologies.

In the same way, activities undertaken to encourage the dissemination and utilization by companies of the results of Community research projects will be strengthened by the development of a network of relay centres and, more generally, by the introduction of a European infrastructure for the dissemination and enhancement of these results.

In order to promote the harmonious technological development of the Community as a whole, an effort will be made to exploit better the possible synergies between research policy and the actions undertaken within the framework of the EC's Structural Funds.

**Technology evaluation and links with training** In order to ensure that research activities meet genuine economic and social needs, the Commission is proposing to develop the evaluation of the options for European science and technology. This will require the creation of a network of national and European bodies involved in forecasting, etc.

Since the Maastricht Treaty on European Union clearly put, for the first time, research policy at the service of other Community policies as a whole, the fourth framework programme will also include activities in two areas of applied social sciences. To help raise the level of qualifications in Europe, research into European educational and training methods and systems will have to be undertaken. And in order to improve the quality of social life, work will be needed on social exclusion and urban problems.

**A clear framework for international cooperation** With the fourth framework programme, all the activities undertaken by the Community as regards international scientific cooperation will be reorganized. Some of these had been hitherto carried out outside the framework programme. Hereafter all activities will be grouped together, to include cooperation with other European countries, including the countries of Central and Eastern Europe, the republics making up the former Soviet Union, the United States and Japan, the Mediterranean countries, the developing countries and international organizations.

**A better integration of European research** Finally, and perhaps above all, the fourth framework programme should be an occasion to coordinate to a greater extent and integrate better the totality of the research being conducted in Europe in the framework of national programmes, Community programmes and Eureka, as well as by the various European bodies for scientific cooperation (ESA, CERN, EMBO, etc.). The Joint Research Centre, the EC's own research centre, could play an important role as the focal point of the network and the centre of gravity of European research consortia.

The main guidelines of the new framework programme of research and technological development (1994-98) are an extension of the conclusions reached by the Edinburgh Summit last December. The Commission proposes allocating a total of ECU 13 100 million (ECU 1 = UK£ 0.78 or IR£ 0.80) for the implementation of this programme. This sum, judiciously used, should enable the Community to increase the impact of its action on the economic development and quality of life of European society, and to help with the implementation, in Europe, of a genuine common research policy.

## DECISIONS

### ■ Single market in securities

With the definitive adoption of a Directive ('European law') liberalizing investment services by EC ministers on 10 May, the single market in securities is in place — on paper at least. It will become operational on 31 December 1995, when two Directives will come into force. The first, adopted on 15 March (see our April issue), seeks to guarantee the financial reliability of investment firms and credit institutions. The second, dating from 10 May, will enable all EC investment firms, credit institutions, banks, etc. to carry on business throughout the single market on the basis of a single authorization, that granted in their country of origin. This second Directive harmonizes the conditions of authorization and for carrying on business. It organizes the collaboration between the authorities of the host and home Member States. What is more, it gives investment firms right of access to all regulated markets in the Community.

'The European Commission is glad that **Denmark** can continue to make its contribution to the building of a Europe united in the diversity of its national characteristics, traditions and cultures... The Danish vote can also help the Community snap out of a period of waiting and gloom', declared Jacques Delors, President of the European Commission, after the adoption by the Danish people, on 18 May, of the Maastricht Treaty on European Union — with the derogations which Denmark secured at the Edinburgh European Council.

### ■ A 'European' joint venture

FPD, a joint venture set up by the Dutch firm Philips and France's Thomson, was given the green light by the European Commission on 30 April. FPD will develop, manufacture and sell liquid crystal television and video screens. This joint venture, launched by two competing firms which together hold 90% of its shares, amounts in principle to a cartel, and as such is banned under the competition rules of the EEC Treaty. But the European Commission has allowed it to take advantage of a derogation envisaged under the Treaty, given the strategic interest of this initiative for the Community, in the context of worldwide competition. The fact is that FPD will be the first European company to mass-produce a certain type of liquid crystal display. The Commission's decision is one of the first applications of the December 1992 guidelines aimed at facilitating the birth of European joint ventures.

### THE FIRST 100 DAYS OF THE SINGLE MARKET HAVE BEEN POSITIVE, ALTHOUGH PROBLEMS REMAIN

The free movement of goods, services and capital is more or less assured; the free movement of persons has been delayed, and there are some imbalances arising from differences in the implementation of 'European laws' by the Twelve. This, broadly speaking, is the balance sheet of the first 100 days of the single market which the European internal market Commissioner, Raniero Vanni d'Archirafi, presented on 5 May. As of 31 March EC ministers had adopted nearly 95% of the 'European laws' needed for the introduction of the single market. The 20 'laws' still awaiting adoption deal with such matters as the European company, VAT harmonization in the case of gold transactions, transport, second-hand goods and the Community conformity mark. Of the 258 'European laws' in force on 31 March, 214 had to be transposed into national legislation before they could be applied. But only 95 of these 'laws' were in vigour in all 12 Member States. The extent to which EC legislation had been transposed into national legislation ranged from Denmark's 93.2% to Greece's 75.4%. These differences seem all the more preoccupying, given that the transpositions that have been 'overlooked' relate mainly to sectors such as government procurement and company law. The Commission is being twice as vigilant, therefore, in order to get the Twelve to meet their legal obligations. As for checks on people at the EC's internal borders, the Commission has set up a special department to ensure a speedy end to them; but dealing with the problem remains the prime responsibility of the Twelve (see our April issue). The next assessment is set for July.

### ■ Erasmus and Lingua selections for 1993/94

Some 1 600 higher education institutions will take part in the Erasmus and Lingua Action II European cooperation programmes during the 1993/94 academic year. Roughly 1 400 institutions are taking part this year. Up to 112 000 students from these institutions will have the possibility of studying in another EC country, knowing that the time so spent will count towards their degree. The European Commission selected the universities that will take part in the 1993/94 programmes on 5 May. Teachers also take part in these inter-university exchanges; up to 8 060 of them will take part next year in the Erasmus programme and another 680 in the Lingua programme. As for the subjects taught under these programmes, the emphasis under Erasmus continues to be on engineering, management, the social and natural sciences, and languages, followed by teacher training, architecture and medicine. Lingua Action II is aimed at facilitating the training of future language teachers.

## INITIATIVES

### ● Improving the INFO 92 database

For the last three years, anyone wanting to follow closely the realization of the single market has been able to consult the INFO 92 database: it contains all the measures proposed and adopted by the European Community under its '1992 programme', as well as the national laws which embody them. INFO 92 now offers a new service: texts setting out all EC legislation in a given domain, even if they are contained in different 'European laws'. INFO 92 is updated daily. A terminal or PC is all that is needed to consult INFO 92 — together with a subscription to Eurobases, the European Community's own database service in Brussels. (Telephone: (32) 2 295 0001 or 295 0003. Cost: ECU 10 per hour.)

### ● Combining jobs and the environment

Some 50% of the taxes levied within the 12-nation Community affect jobs and only 10% the exploitation of natural resources. Why not end this imbalance? asks the European Commission in a document sent to the Twelve on 13 May. It suggests two other ways of combining job creation and environmental protection: encouraging the development of 'clean' technologies which represented a global market of US \$200 million in 1990 — and redirecting a part of public spending towards the preservation of sites, training and 'green' research. The response from EC ministers has been a positive one.

### ● Towards a single telecommunications market

The European Community must do more in order to have a telecommunications equipment industry which is internationally competitive and at a high technological level. This is the conclusion reached by EC ministers on 10 May, when they set four objectives: (1) the establishment of a real internal market in this field, by creating a level playing field for all economic operators and introducing European standards; (2) support for research and technological development; (3) the development of the terminal equipment market for both homes and businesses; and (4) improving access to world markets for European industry. The Commission had proposed these guidelines last July.

### ● Fighting textile fraud

Imports of textiles and clothing from low-wage countries remain subject to restrictions — but in a single market rather than in separate national markets. As a result, checks on origin and quantities are now carried out at the Community's external frontiers. In order to adapt the fight against textile fraud to this new situation, the European Commission launched on 12 May an action

programme known as the Textile anti-fraud initiative (TAFI). To begin with, the Commission has asked the Twelve for a regulation allowing it to negotiate with the third countries in question an adjustment to their quotas to take account of the real origin of goods which have been fraudulently imported into the Community. The Commission also plans to target its investigations more effectively, focusing on certain 'sensitive' regions. Although responsibility for carrying out such investigations rests mainly with the national authorities, the Commission has a coordinating role. TAFI also seeks to improve statistics on textile markets and to strengthen cooperation between countries that are victims of the same kinds of fraud, such as the United States.

### ● A three-day employment conference

How can one create more jobs in a Community in which 17 million people are registered at employment offices? Which jobs, in fact? And requiring qualifications? It is with a view to finding answers to such questions at European level that the European Commission is sponsoring the organization of a conference on employment, the first of its kind. It will be held in Brussels, from 19 to 21 October 1993. Entitled 'Policies, practices, perspectives' the Conference will be accompanied by an exhibition. It will bring together political leaders, economists, trade unionists, bankers and academics from the 12-nation European Community, so that they can share their experiences and ideas. For further information please contact Gill Stoddart, Conference Manager, Touchstone Exhibitions and Conferences Ltd, Haleon House, 4 Red Lion Street, Richmond TW9 1RW, Surrey (England). Telephone: (44) 81 332 0044. Fax: (44) 81 332 0874.

### ● SMEs remain national

The single market may be a reality, but only 10% on average of small and medium-sized enterprises (SMEs) in the European Community have offices outside their country of origin. This emerges from the results of a survey of some 5 000 companies in the Community carried out by the consultancy firm Grant Thornton International and published on 12 May. If 14% of Spanish SMEs and 13% of their German counterparts have offices outside their home base, the proportion drops to 8% in the case of French SMEs. Fifty-eight per cent of the offices of the companies surveyed, taken as a group, are located within the Community: 69% in the case of German and Italian SMEs and 37% for their French counterparts. The Community is the main 'export' market for 86% of the SMEs surveyed.

### ● Reducing technological inequalities

German expenditure on research and technological development was 1.4 times the European Community average in 1990 (measured as a percentage of GDP or gross domestic product). At the same time, Greece and Portugal spent only one fourth of the Community average. In 1989 Germany had 5.9 researchers and engineers for every 1 000 people of working age, while Portugal had only 1.1. Under these conditions, the various EC countries cannot benefit from the single market in the same way — which is why the European Commission envisages, in a document adopted on 12 May, combining regional and social aid on the one hand, and support for research on the other, so as to enable disadvantaged regions to close their technological gap.

### ● Education and qualifications

The European Commission suggested to the Twelve on 5 May that they launch two major educational programmes in place of the six Community programmes devoted to university or professional training, which come to an end in December 1994. One of the two programmes would cover higher education: it would extend Erasmus and Lingua (inter-university exchanges) and Comett (business/university cooperation) as well as multiply agreements for the mutual recognition of diplomas and study periods between the Twelve. The other programme would be a follow-up to FORCE

## WHAT SINGLE MARKET?!

Two out of three Europeans living in the European Community have not been personally affected by the single market since it came into existence on 1 January of this year. Nine per cent claimed their experience had been quite good, 7% that it had been quite bad and 12% that it had been neither particularly good nor bad. These are among the results of a Eurobarometer survey carried out this March and April. In all EC countries, except Portugal, the majority of those polled claimed to have been unaffected by the single market. The Portuguese beat all records: 15% of them had had a good experience, just ahead of the Greeks 14%, while 11% of them had had a bad experience, as compared to 10% of Germans; and for 29% of them their experience had been neither good nor bad, which put them ahead of the Spaniards (24%). For 53% of Europeans — as against 51% last autumn — the single market was a source of hope, although it aroused fears in 36% of them. Even so, in 10 of the 12 EC countries a much higher proportion of people were more hopeful than afraid — at least 51% of those polled and a record 72% in Ireland. But in Germany and France the percentage of those who were fearful of the single market — 46 and 48% respectively — was slightly higher than the percentage of those who were hopeful of it.

(continuing vocational training), PETRA (vocational training for young people) and Eurotecnet (the application of new technologies to vocational training). It would make for Community-wide publicity for new training methods.

○ In a report published on 4 May, Eurochambers, **the Association of European Chambers of Commerce and Industry**, claims that the positive effects of the single market have yet to make themselves felt in the case of companies. The report notes that they are finding it particularly difficult to implement the new VAT system. But their complaints are also related to the differences in the extent to which the various EC countries have been able to realize the single market. Eurochambers also points to the technical obstacles to the free movement of goods and services.

○ **Throwing telecommunications services open to competition** as from 1 January 1998, not regulating tariffs at the European level, and taking into account the needs of disadvantaged regions and social categories — these are the major guidelines which the European Commission proposed to the Twelve on 28 April.

## SEEN FROM ABROAD

### ▶ US President backs European integration

'We fully support Europe's efforts toward further integration . . . We believe a strong and united European Community, as a key partner in the pressing problems around the world, is very much in the interests of the United States', declared President Bill Clinton, after a meeting at the White House on 7 May with Poul Rasmussen, Danish Prime Minister and President of the European Council until end June, and Jacques Delors, President of the European Commission.

### ▶ GATT: Europe is no fortress

'Available information suggests that the implementation of the internal market programme has improved access, transparency and legal security in many sectors . . . Fears that the European Community will become inward-looking do not seem to have been justified, and there are few proofs of any intensification of protective measures in industry'. These words are taken from the report published by the GATT (General Agreement on Tariffs and Trade) Secretariat on 18 May. The report deals with the Community's trade policies and practices. It takes the view, however, that agricultural protectionism in the Community remains virtually unchanged.

▷ In the EEC's single market each member country has access to the other States for its products, but the question of natural resources is not part of the single market', **declared Norway's Prime Minister**, Mrs Gro Harlem Brundtland, on 2 May. The reference to oil and fisheries, two of Norway's key resources, was clear.

▷ Support for Finland's entry into the European Community has fallen from 61 to 43% within a year, while opposition to it has risen from 27 to 40%, according to a **poll published in Helsinki on 24 May**.

## ◆ A policy to continue and strengthen

The European Community's Ministers for Industry unanimously agreed on 4 May to merge two proposals from the European Commission for continuing and strengthening EC policy in favour of small and medium-sized enterprises (SMEs). The first proposal is aimed mainly at strengthening the main lines of this policy, within the context of the growth initiative launched last December at the Community's Edinburgh Summit. To this end it seeks to (i) improve the administrative, legal and fiscal environment within which companies operate; (ii) make it easier for them to have access to 'European' information; and (iii) ensure that the Community takes the interests of SMEs into account in its various actions. Other objectives include improving the network for finding business partners, putting companies in direct touch with their European counterparts and promoting cross-border subcontracting. The second proposal is aimed at guaranteeing continuity in other aspects of business policy, along the lines of the current programme: (i) encouraging SMEs, including craft industries, to adapt to the changes brought about by the single market, and (ii) facilitating the conditions under which they have access to financing. The proposal's other aims include better information on how companies are doing in the European single market and an evaluation of the effects of the policy for SMEs.

## ◆ Environment and industrial competitiveness

In a resolution adopted on 4 May the European Community's Ministers for Industry asked the European Commission to deepen the dialogue with companies on the theme of industrial competitiveness and the environment. The aim of the operation: to help the Commission and the Twelve to better reconcile these two objectives. The dialogue should involve not only large companies and environmental organizations but also SMEs, who are finding it difficult to be both competitive and 'green'. Studies are needed of the eventual impact of legislation on SMEs, in order to avoid laws being adopted which the SMEs would be unable to implement. The Twelve were of the view that it would be necessary to launch programmes of information and advice in order to keep companies abreast of the latest developments. EC ministers would also like to encourage SMEs to exchange their experiences in environmental matters, particularly as regards technology transfers and technological cooperation.

## ◆ Coming soon, a Euromanagement network?

In order to help SMEs meet positively the changes linked to the completion of the single market, the European Commission has been running since 1989 an action programme entitled 'Preparing SMEs for the Europe of 1992'. Some 3 500 managers of SMEs, from throughout the Community, have already taken part in it. During a seminar designed to evaluate the results of the programme, 70 of the information and consultancy bodies which took part — roughly 50% of the total — noticed a great need to provide training on European integration for managers of SMEs. These bodies have carried out, between 1989 and 1992, activities

designed to prepare SMEs for the single market. These have taken the form of seminars on strategic management and studies on the sectoral or regional impact of the single market. The weakness of SME managers lies, in their view, mainly in the area of strategic management. The constraints to which these managers are subject — they are overworked much of the time and must train themselves as best they can — impose a twofold discipline on training organizations: the need to ensure that only useful information is presented and to take into account the limited resources of SMEs when formulating their advice on European management. In order to know the 'best experiences' in training and to encourage exchanges of experts, information and tools, the business consultants favour the creation of a European network. This would also make it possible to draw up cross-border activities and to give groups of SMEs, selected according to their sector of activity, the opportunity to benefit from them. The European Commission is now looking for the most effective way of setting up such a network.

## ◆ SMEs: Europe's hidden giant

Set up at the end of 1992, the 'European Observatory for SMEs' brings together the 12 national bodies specializing in the analysis of SMEs who have set up the 'European research network for SMEs'. It has a twofold objective: to improve knowledge of the place of SMEs in the totality of companies and to evaluate their growth prospects in the single market. The SME Observatory has just published its first annual report. Drawn up at the request of the European Commission, it is the result of an independent analysis carried out by the 12 members of the network and coordinated by the economic institute for SMEs in the Netherlands (Economisch Instituut voor het Midden- en Kleinbedrijf — ETM). The report provides an overview of SMEs in the European economy and makes a number of recommendations. They include the adoption of a programme designed to help the unemployed go into business for themselves and to bring down the high mortality rate for small businesses. For further information, write to EIM, PO Box 7001, 2701 AA Zoetermeer, the Netherlands. Telephone: (31) 79 41 36 34. Fax: (31) 79 41 50 24.

## ◆ Helping SMEs join in research

The European Commissioner for research, Antonio Ruberti, presented the EC Council of Ministers on 29 April with three ideas aimed at making it easier for SMEs and small research centres to take part in the European Community's technological programmes. His ideas were very well received by EC ministers. Mr Ruberti wants all tenders for research programmes to be published at regular intervals — on a fixed date, every three months — so that SMEs are not taken by surprise. He also wants tender documents to be simplified and the procedure divided into two stages. During the first stage, candidates will be required to provide scientific, technical and financial information regarding their project; the European Commission will only ask for additional information during the second stage, if the project has been favourably received to begin with. Mr Ruberti's third and final idea is that with each fresh call for tenders, one third of the experts entrusted with the task of selecting projects will be replaced. These measures will speed up the process and enable SMEs to have a better idea of it. They should take effect very quickly.

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