



Creating a user-friendly Uruguay Round

■ by Sir Leon Brittan, Member of the European Commission

Last December's GATT deal spells a radical rewriting of the rules for international economic activity as well as a major reduction in tariff and non-tariff barriers to trade. A rough static analysis suggests that the potential impact on our economy of the tariff package alone would match the estimated impact of the creation of the single European market. But although negotiators can create opportunities, they cannot force prosperity. To use those opportunities, business itself must be galvanized into awareness of the changes that are about to take place and consider very carefully how to utilize them. I suggest two things in order to galvanize business to exploit the Uruguay Round: knowledge and a strategy for cooperation.

Knowledge of the outcome

Knowledge of the outcome of the Uruguay Round will not be difficult to disseminate, but must be disseminated widely and quickly. The Commission as well as Member States and European business organizations all have their part to play. The Commission will certainly be active on its side. But knowledge only comes through dialogue: we know what we have negotiated, and in large part we have negotiated it in the light of objectives suggested by European industry. Now we need to hear from industry what the remaining obstacles are and, following the Uruguay Round, what the key markets are for them: only then can we establish our market-opening priorities for the next phase.

The need for cooperation

Cooperation is more necessary in a more complex world. Since nowadays the obstacles to European exports or foreign investment are located in other economies' domestic rules and behaviour, the paths around those obstacles will not always be found most rapidly by government-to-government negotiations. Non-government regulators or market-makers, be they stock exchanges or civil aviation authorities, will have more frequent cause to work together and with others active in their sectors. In doing so, they will be working towards objectives that serve their common interests, but we may hope that progress towards those objectives will also serve the common good.

There is increasing business recognition of the need for such cooperation. It is a necessity not a luxury, for SMEs as well as big business, for all branches of productive activity. Therefore the EU — Commission and Member States alike — must find the resources to help. To list just three examples:

- we should consider pump-priming a major increase in EC business activities designed to improve our exporters' cooperation with their potential clients. This could be a new priority for export promotion spending in Europe;
- we should also make sure that EC business, particularly SMEs, have better information on how to handle purchasing practices in non-European potential markets;
- we should create more systematically a business side to government-level meetings and visits. A successful bilateral relationship will not merely discuss obstacles but will put together the businesses kept apart by those obstacles. The Commission itself does this occasionally. Member States seem to be doing it more frequently. Perhaps we should all be doing it more.

The Uruguay Round negotiations have concluded with a resounding success. Those results must now be ratified, unfinished business concluded, a new agenda begun. But in parallel with this rolling programme of negotiations there must also be a rolling programme of implementation. The right time to shape that programme is before the new rules come into force. This is the priority for 1994.

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■ External dimension of the single market

The 12 European Union countries are more than a single market now: they also form a homogenous economic unit *vis-à-vis* third countries. EU ministers reached agreement on 8 February on a series of texts which, on the one hand, provide for common measures in place of national ones and, on the other, strengthen existing European commercial policy and simplify the procedures to be followed by European companies which buy outside the EU. The Twelve decided to eliminate 6 417 national import restrictions, leaving only a few Community quotas in their place. They also established uniform European rules for the introduction of a single document, valid throughout the EU, for European importers of industrial products. Ministers finally improved the effectiveness of the EU's defensive instruments against the unfair trading practices of foreign countries. As a result, the adoption of anti-dumping and anti-subsidy tariffs will require only a simple, rather than weighted, majority. What is more, the European Commission will handle complaints more quickly, by meeting the deadlines which will become obligatory as from 1 April 1995 at the latest — by which time the Commission will have hired the necessary extra staff. Even so, the Commission will have fewer staff for this purpose than the American and Japanese Governments. Finally, as from 1 March 1994 dumping and subsidy disputes will be handled by the European Court of First Instance rather than the Court of Justice, a move which will speed up legal proceedings.

TOWARDS THE NEW INFORMATION SOCIETY

The creation of new computerized communication networks throughout the 12-nation European Union will mean more jobs on balance. It will also mean a more competitive European economy. This is the firm conviction of the high-level group which was asked by the European Council in December to prepare concrete proposals in the field of new information technologies for June. These proposals should lead to the implementation of one of the main themes of the European Commission's White Paper on growth, competitiveness and employment. Its 19 members having been appointed by EU ministers on 8 February, the high-level group met for the first time on 15 February, under the chairmanship of the European Commissioner for industrial affairs, Martin Bangemann. The members of the group have been drawn from all EU countries and all sectors dealing with information technologies. The group takes the view that the technologies needed to set up the new networks are available in Europe, but that demand for them must be stimulated by eliminating obstacles, such as monopolies, and drawing up European rules to guarantee access to the networks. The Bangemann group will now tackle firstly, the technological and economic aspects of the question and secondly, its political implications, such as deregulation and standardization. Another high-level group will study the financing of these networks, under the chairmanship of the European Commissioner for economic affairs, Henning Christophersen.

■ Regional and social aids for nine countries

The full panoply of European regional and social aids for the period from 1994 to 1999 is now in place. On 19 January the European Commission shared out among the nine countries concerned — the Twelve less Ireland, Greece and Portugal — the ECU 13.9 billion (ECU 1 = UK£ 0.75 or IR£ 0.78) set aside for employment programmes outside the most disadvantaged regions, with the United Kingdom and France receiving the lion's share. On 26 January the European Commission adopted the definitive lists of regions in industrial decline — for the period 1994-96 — and endangered rural regions — for the period 1994-99 — and entitled as such to regional aid. These regions are to be found in the same nine countries (see No 2-1994). The Commission also shared out among these nine countries the available ECU 13.1 billion. The United Kingdom,

France and Spain received the largest amounts as regards the aid earmarked for industrial regions, and France and Germany as regards aid for rural areas. As for the most disadvantaged regions, the funds earmarked for them were shared out by the Commission at the end of last year (see Nos 8 and 10-1993).

■ VAT on second-hand goods and art objects

As from 1 January 1995 sales of second-hand goods and works of art will be subject to a common system of taxation throughout the 12-nation European Union, which was adopted on 14 February by EU ministers as the seventh VAT directive. Under the new system, sales between private individuals will remain exempt from VAT. For sales between professionals, only the seller's profit margin will be subject to VAT, at the standard rate, and not the full value of the article, as is still the case in eight EU countries (Belgium, Denmark, Germany, Greece, Ireland, Italy, Luxembourg, and the Netherlands). The tax will be levied in the country of the seller, anticipating the definitive VAT system, envisaged for 1997 in all sectors. Special systems will apply to works of art sold at auctions or by the artists themselves. As for cars, they will be treated as second-hand if they have been in use for six months at least and have clocked up 6 000 km — instead of three months and 3 000 km as at present.

■ Commission documents: for the asking

All European Commission documents, with some exceptions, have been freely available to the public since 15 February, in keeping with the policy adopted by the Commission itself on 9 February. As a result, some 99% of the documents it receives, including preliminary reports, can be made public. The 1% of documents which remain classified deal with the private lives of individuals, legal proceedings, inspections; contain confidential commercial information or have serious implications for public safety, monetary stability or international relations. Minutes of meetings of the Commission and its correspondence also remain confidential. However, studies which have been treated as confidential so far can now be made available to the public.

■ Continuing training in 1994

This year more than 2 000 organizations throughout the European Union — companies, 80% of them small and medium-sized enterprises; trade unions and training institutions — will join forces to improve continuing training. They will receive ECU 17 million in all for 298 projects, chosen by the European Commission on 13 January in the framework of the FORCE programme, launched in 1991. As many as 165 of these projects are in specific sectors: agro-industry, the retail trade and the distribution and repair of motor vehicles. Since its launch, the FORCE programme has gradually established the largest European network of exchanges and cooperation in continuing training.

□ BRIEFLY

In order to help problem areas in the European Union **make the best use of Community regional aids**, the European Commission is seeking to improve the training of aid recipients and managers. On 13 January it decided to give ECU 1 million in all to 10 pilot schemes in favour of regional or municipal officials and managers of small and medium-sized enterprises. The Commission will evaluate the results at the end of 1995, in order to decide whether or not to continue funding such projects.

The Council of the European Union decided on 24 January to launch a programme for **improving European statistics relating to research, technology and innovation**. The programme will receive ECU 2.9 million from EU funds and will run until the end of 1997.

The European Commission adopted on 8 February a **new framework programme for Portuguese regional development**, involving ECU 13.98 billion in aid from the EU budget for the period from 1994 to 1999. The 1989-93 programme had resulted in the creation of some 80 000 jobs and enabled Portugal to increase its gross domestic product by 3% in relation to the Community GDP average.

COMMUNITY COMPETITION POLICY AND SMALL AND MEDIUM-SIZED COMPANIES

II. Abuse of a dominant position, and mergers and acquisitions ¹

Claus Dieter Ehlermann,
Director-General for competition, European Commission

Article 86

Article 86 of the EC Treaty lays down that it is an infringement of the competition rules for a company to abuse a dominant position that it has acquired. Dominance has been defined by the Court of Justice as 'the ability to act to a significant extent independently of competitors, customers and ultimately of consumers'. The Court has also stated that a clear indication, even presumption, of dominance exists once a company achieves a 50 % share of a relevant market.

There are three basic categories of abusive conduct.

Exploitative This type of abuse arises where the dominant company unfairly takes advantage of its market power by acting in a manner in which a company subject to the normal pressures of a competitive market would never be able to do. Examples of such abuses include the charging of excessive prices, and 'tying'. Tying (or bundling) occurs when customers buying the product or service for which a supplier has a dominant market position are also required by the seller to purchase other products or services where active competition exists. The *Télémarketing* case is a good example of this. RTL, the Luxembourg television company, had the exclusive right by law to operate a TV channel in the country. It refused to sell broadcasting time to companies wishing to advertise on its channel unless the company in question also used the station's telemarketing services — answering telephone calls from potential customers. The Court of Justice considered that such a practice was an abuse of RTL's dominant position.

Exclusionary A dominant firm may resort to unfair trading practices in order to maintain its market share in the face of newly arrived competitors. Common examples of this type of abuse include exclusive purchasing agreements (requiring customers to buy all their requirements exclusively from the dominant firm) or the offering of rebates and discounts designed to have a similar effect. The *Hoffmann-La Roche* case of 1976 is often cited as a classic example of such an abuse. Hoffmann-La Roche held a dominant position in the markets for a number of vitamins, in particular A, B2, B6, C, E and H. The Swiss-based company concluded exclusive purchasing contracts with customers, requiring them to purchase all their vitamin requirements from Hoffmann-La Roche alone, or contracts which included 'fidelity rebates', ef-

fectively penalizing customers who purchased some of their vitamin needs from other manufacturers. The effect of this practice was not only to maximize Hoffmann-La Roche's sales of vitamins for which it had no dominant position, but also to prevent new competitors from entering the market since many of their potential vitamin purchasers were in effect tied to purchase only from Hoffmann-La Roche. The Commission decided therefore that these practices constituted an abuse of a dominant position.

Predatory A dominant firm may decide to attempt to eliminate a new competitor by predatory pricing: selling below cost for a short period of time until the competitor is driven out of the market, after which the dominant firm can raise its prices again. The *Akzo* case is the best known example of predatory pricing. ECS, a British company, manufactured benzoyl peroxide, the main organic peroxide used as a bleach for flour. This chemical can also be used as an initiator in the plastics industry, but traditionally ECS had only been active in the flour additives sector. Akzo, the Dutch company, sold benzoyl peroxide in both of these markets. In 1979, ECS decided to expand its activities by selling into the plastics initiator market as well. Akzo reacted to this by threatening ECS that unless it withdrew from the plastics market, Akzo would force it out of the flour additives market. ECS refused to withdraw from the market. Akzo then reduced its prices to customers in the flour additives market by 20 to 30% and even more in some cases. The Commission found that by doing so it had abused its dominant position in the plastics initiator sector, where it had a market share of at least 50%. Akzo was fined ECU 10 million.

Of the above categories of abuse, the latter two are probably of most relevance to SMEs. Although it cannot be excluded that an SME may hold a dominant position, this is likely to be rare. SMEs are more likely to be the victims of abusive conduct than its instigator. In fact, many of the major Article 86 cases that the Commission has investigated under Article 86 have originated in a complaint made by an SME. It is important, therefore, for SMEs to be aware of the Commission's role in these circum-

¹ This article is the second in a series of three. In issue No 10-1993 of *Frontier-free Europe*, the impact of Article 85(1) of the EC Treaty — concerning anti-competitive agreements and concerted practices — was considered. Part III, covering the EU's policy regarding State aids, will appear in a future issue.

stances, and of the possibility of lodging a complaint with the Commission in the event that they are the victim of such practices.

Mergers and acquisitions

The control of mergers and acquisitions is a central pillar of the EU's competition policy. Action at EU level is, however, only necessary where action at national level — by the national competition authorities — is less effective than action by the Commission. In cases of mergers and acquisitions, action is only necessary by the Commission where the operation in question will have significant economic effects in more than one Member State. The Merger Regulation, adopted in 1989, gave the Commission powers to vet mergers with a 'Community dimension'. Those falling short of this dimension are the exclusive competence of the national competition authorities: the Commission need not even be informed of them. The Regulation defines a Community dimension in terms of the financial strength of the companies concerned and the geographic spread of their activities. It sets three requirements, all of which must be met for the merger or acquisition (referred to as a 'concentration' in the Regulation) to have a Community dimension. Firstly, the companies involved must have had in the last financial year, a combined worldwide turnover of more than ECU 5 billion. Secondly, at least two of the companies involved must have had a turnover in the EU exceeding ECU 250 million. If these two criteria are met, the concentration will have a Community dimension 'unless each of the undertakings concerned achieved more than two-thirds of its aggregate EU-wide turnover within one and the same Member State'. For the purpose of calculating all these figures, the turnovers of the corporate groups to which the companies in question belong are used.

Thus, almost all mergers and acquisitions involving SMEs are likely to be dealt with exclusively by the national competition authorities. Where, however, the thresholds are met, the operation must be notified to the Commission, following the mandatory format set out in the Commission's form CO.

The EU takes the basic view that mergers and acquisitions can give rise to many beneficial effects: economies of scale or R&D synergies, to give just two examples. It believes that companies should be free to choose the industrial structure they consider best suited to their industrial objectives, and will never intervene on grounds relating to whether it believes the operation to be logical or efficient. The Commission will, however, prohibit concentrations that will 'create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the common market or a substantial part of it'.

The Regulation entered into force on 21 September 1990. In the 22 months to the end of July 1993 the Commission received 181 notifications. Of these, 167 were dealt with in the first month following notification, during which the Commission must decide whether a concentration raises any 'serious doubts' as to its compatibility with the Regulation.

When the Commission does have serious doubts it will normally launch a full in-depth investigation, and in such circumstances it must reach a final decision five months at latest from the original notification.

Serious doubts have been found in 14 cases. One of these cases resulted in an outright prohibition, two re-

sulted in the operation being approved, and in seven cases the companies concerned offered undertakings that resolved the competition problems identified by the Commission. In one case, *Steetley/Tarmac*, which concerned a merger of two brick manufacturers, the Commission identified a competition problem that was wholly limited to a specific part of a single Member State, the North-East of England, where the merged company would have had a high share of the brick market. In such circumstances the Merger Regulation allows the Commission, in line with the subsidiarity principle, to refer the case to the relevant national competition authority, in this case the Office of Fair Trading, for further investigation and eventual decision. The Commission decided that due to the regional nature of the problem identified the Office of Fair Trading was better placed to deal with the issues raised than the Commission, and it therefore referred the case to the UK authorities. In the other cases where a full investigation was launched the operation was abandoned.

The case that resulted in a prohibition, *Aérospatiale-Alenia-De Havilland* is the best known of the decisions taken by the Commission to date. *Aérospatiale-Alenia*, the French-Italian aircraft manufacturer was attempting to acquire *De Havilland*, the Canadian manufacturer of commuter aircraft. The merged company would have had a market share of at least 50%, with competitors holding much smaller market shares and offering relatively limited product ranges. In view of this, the Commission concluded that a dominant position would have been created and therefore prohibited the merger. As indicated in the statistics given above, however, the Commission always strives to find a solution in cases where competition concerns are identified. In *KNP/BT/VRG* for example, three Dutch companies involved in the paper and printing machine sectors decided to merge. *BT* and *VRG* were the main distributors of printing-presses in Belgium and the Netherlands, having a combined market share exceeding 66%. The Commission concluded that, given the very limited size and importance of competing sellers of presses in this geographic area, this would give the new company a dominant position on these markets. In order to remedy this, one of the two distribution agreements was terminated, and the relevant marketing assets were sold to a new distributor. Under these conditions, the merger was allowed to proceed.

An examination of the companies implicated in the cases notified under the Merger Regulation confirms that it will be rare for SMEs to be involved in concentrations with a Community dimension. Nonetheless, some cases involving smaller firms have occurred so that SMEs should maintain a basic awareness of the provisions of the Merger Regulation.

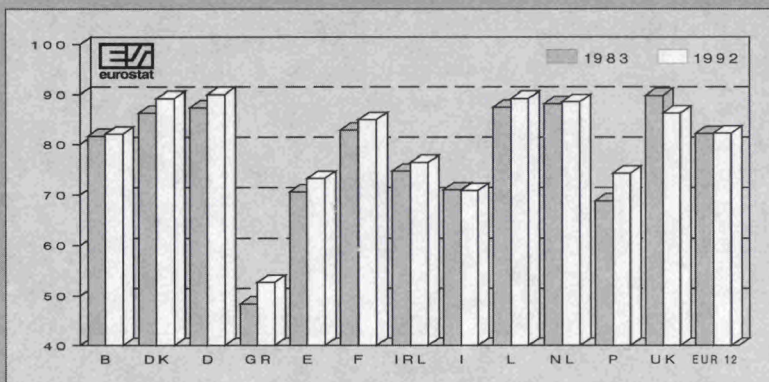
Further information

DG IV welcomes inquiries from SMEs relating to competition policy, either in writing or by telephone.

DG IV's Information Officer is Panayotis Alevantis. You may contact him by writing to the European Commission, Rue de la Loi 200, B-1049 Brussels, attn: Mr P. Alevantis, DG IV Information Officer, Cort 150 0/158, or by fax (32-2) 295 54 37, or by telephone (32-2) 295 00 94. If he is unable to answer your query, he will endeavour to find someone who can.

Working conditions in the European Union

*Proportion of paid employees in the total occupied population in 1983 and 1992 (in %)
(E and P: 1986 and 1992; IRL and L: 1983 and 1991)*



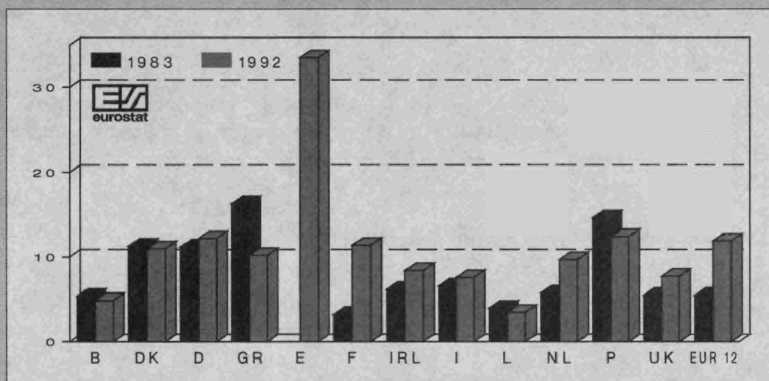
The predominance of paid employees in the total occupied population

In the European Union, paid employees made up more than 82% of the total occupied population in 1992. The only countries in which this share declined between 1983 and 1992 were Italy and the United Kingdom.

The figure is highest in Germany (90% of the total occupied population), followed by Denmark (89.2%) and Luxembourg (89.2%).

In Greece, the proportion rose from 48.4% to 52.6% during this period; the self-employed are therefore still very important. The southern countries are distinguished from the rest of the Union by a high proportion of self-employed.

*Proportion of temporary work contracts in 1983 and 1992 (in %)
(DK, D and P: 1986 and 1992; IRL and L: 1983 and 1991)*



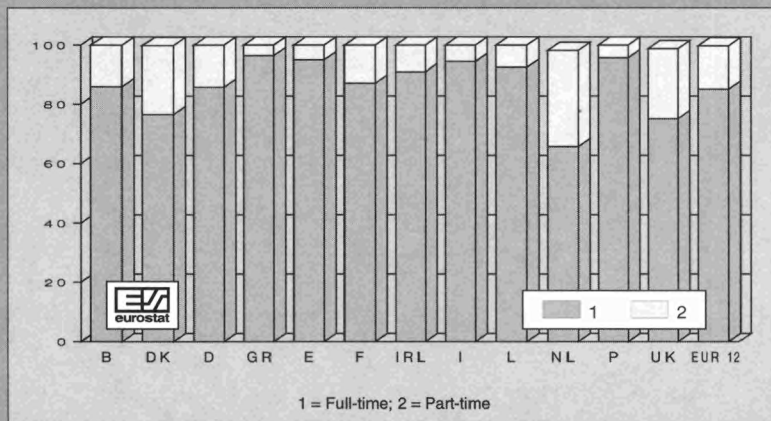
Work contracts

Most of the work contracts in the European Union are 'permanent'. At Union level, there was nevertheless an increase in temporary contracts, which made up 5.5% of all work contracts in 1983 but 11.9% in 1992. The largest rise was in France (11.4% as opposed to 3.3% in 1983).

Spain has the highest rate of temporary contracts, amounting to no less than one third of all work contracts. At the other end of the scale, only 3.5% of contracts are temporary in Luxembourg.

**Proportion of full-time and part-time work
1992 (in %)
(IRL and L: 1991)**

Part-time



In the European Union, 14.7% of employed persons have a part-time job.

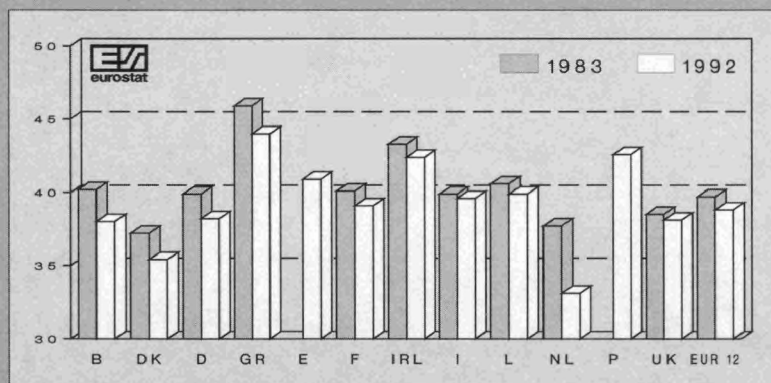
However, this average masks considerable disparities between Member States. Almost 32.4% of employed persons in the Netherlands have a part-time job, the highest rate in the Union. In Greece, part-time working is of marginal importance and accounts for only 3.6% of the employed.

With the exception of Luxembourg and Ireland, part-time working is least common in the southern countries.

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Full-time	86.0	76.5	85.8	96.4	95.0	87.1	91.0	94.5	92.5	65.8	95.7	75.1	85.1
Part-time	14.0	23.4	14.2	3.6	5.0	12.9	9.0	5.5	7.5	32.4	4.3	23.7	14.7

**Average number of working hours per week
in 1983 and 1992
(F, IRL and L: 1983 and 1991)**

Shorter working hours



The average working hours in the Union moved down slightly from 39.7 to 38.8 hours a week. This trend is common to all the Member States.

Average working hours a week are longest in Greece at 44 hours, followed by Portugal (42.6) and Ireland (42.4).

The Netherlands has the shortest working hours, being only 33.1 on average or 5.7 less than the Community average.

Weekly working hours		B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1983		40.2	37.2	39.9	45.9		40.1	43.3	39.9	40.6	37.7		38.5	39.7
1992		38.0	35.4	38.2	44.0	40.9	39.1	42.4	39.6	39.9	33.1	42.6	38.1	38.8

INITIATIVES

● EIB: ECU 19.6 billion loaned in 1993

Despite the economic recession, lending by the European Investment Bank (EIB), the EU's bank for long-term lending, rose by 15% to ECU 19.6 billion in 1993, as compared to ECU 17 billion the previous year. Of the ECU 17.7 billion loaned within the EU, ECU 7.8 billion went to the trans-European transport, telecommunications and energy networks, including ECU 2.4 billion under the Edinburgh mechanism, created by the Twelve to relaunch the EU economy. The EIB also loaned ECU 2.7 billion last year to companies, including ECU 1.5 billion to as many as 3 086 small and medium-sized enterprises, 83% of which employ fewer than 50 people. EIB lending to SMEs is through banks or traditional financial institutions, to which it provides global amounts for lending to various small and medium-sized enterprises. Some 75% of EIB loans for projects within the EU are concentrated on disadvantaged regions.

● VAT: a heavy programme for 1994

The European Commission will submit to the Twelve its proposals for the definitive VAT system before the end of the year, with the new system becoming operational as from 1997. An announcement to this effect was made to a European Parliamentary committee by the European Commissioner for taxation, Mrs Christiane Scrivener, on 28 January. She also underlined the need to improve the present transitional system. The Commission will propose to the Twelve this year simpler procedures for the collection of VAT on a succession of transactions, representation for tax purposes and repair and maintenance work. The Commission also favours simplifying the system for products subject to excise duties — alcoholic beverages, tobacco and petrol.

SINGLE MARKET: ROOM FOR IMPROVEMENT

'It's working rather well, but problems remain', is how John Mogg, Director-General for the internal market at the European Commission, summed up Year One of the European single market for the press on 28 January. He noted that the Commission had received 430 complaints from companies which claimed they had been the victims of barriers in other European Union countries. Some 50 of these complaints had to do with government procurement. However, only in 10% of cases was the Commission obliged to start the second stage of the infringement procedure, according to Mr Mogg. He urged companies facing problems to contact the Commission, and assured them that their complaints would remain confidential. The Commission, for its part, has decided that it will automatically launch infringement proceedings the moment a Member State fails to meet the deadline for transposing a 'European law' into national law. As of 31 December 1993 the Twelve had transposed 87% on average of the laws to which this procedure applied. Denmark was in the lead, with 96%, with Spain bringing up the rear with 83%. Some 75% of laws had been transposed on time in all 12 EU countries.

'SCHENGEN': DELAYED BUT ALIVE

The governments of the nine countries belonging to the 'Schengen Group' (the Twelve less the United Kingdom, Ireland and Denmark) announced on 25 January that they were unable to meet their 1 February deadline for the elimination of identity checks at the frontiers they shared with each other. They claimed the delay was related to the introduction of an information system linking the police of the nine countries in question. No new date was set. Questioned in the European Parliament on 8 February, the European Commissioner for the single market, Raniero Vanni d'Archirafi, confirmed that 'the Commission will continue the legislative action already launched, which aims at the total elimination of checks on people at the EU's internal frontiers'. The Euro-Citizen Action Service (ECAS), which groups 320 associations from the 12 EU countries, asked Europeans on 31 January to show their identity documents only when asked for them.

● Liberalizing public procurement

Roughly 100 000 public bodies in the 12 European Union countries are financially in a position to throw public procurement open to EU-wide competition, according to the rules of the single market. The number of such public procurement announcements published in the *Official Journal of the European Communities* rose to 67 000 in 1993, as compared to just 19 000 in 1988. But EU ground rules often remain a dead letter; what is more, not enough SMEs benefit from them. In order to improve this state of affairs the European Commissioner for the single market, Raniero Vanni d'Archirafi, proposed a number of 'topics for reflection' during a seminar on this theme organized by the European Commission on 14 and 15 January. The Commission is preparing a lexicon of the terms used in government procurement, along with an EU-wide information system in this field. According to Mr Vanni d'Archirafi, it is also necessary to encourage SMEs to use business consultants to reply to offers from bodies established in other EU countries. In addition, it is necessary to improve the training of those who launch offers and company executives likely to answer them. The adoption of European standards is also to be encouraged, where gaps exist. In Mr Vanni d'Archirafi's view, it is necessary to alert the media to government procurement, which accounted for some 8% of the EU's gross domestic product in 1990.

○ BRIEFLY

EU ministers adopted on 14 February a timetable for the implementation of the provisions of the Maastricht Treaty which deal with the **monitoring of the EU economy**. Each year they will submit to the European Council, at its June meeting, draft economic policy guidelines. At the end of each year they will examine national policies.

In a report presented to the European Commission on 1 February the '**Committee of Wise Men' on air transport** has insisted on the need to deregulate it, by implementing fully existing European legislation. The Committee has also envisaged a European system of air-tariff control, a common external policy and the elimination over time of State aids.

The European Commission will bring before the European Court of Justice **cases of discrimination which result in Europeans being denied tax benefits** because the EU country in which they work and their country of residence are different. The Commission made an announcement to this effect on 10 February, when it published a recommendation calling on the Twelve to end this form of discrimination, which affects some 200 000 to 300 000 people.

SEEN FROM ABROAD

▶ East-West statistical harmony

Seven countries of Central and Eastern Europe have decided to bring their statistical techniques into line with those used in the European Union. On 17 January Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia signed an agreement along these lines with Eurostat, the EU's statistical office. These countries are thus abandoning the unreliable statistical systems of the former Communist regimes.

▷ BRIEFLY

During a visit to the European Commission in Brussels on 3 February, the **Polish Prime Minister**, Waldemar Pawlak, proposed to the EU a 'development pact' implying better access for Polish products to the European market.

Nearly one Slovak in two favours EU membership for his country, as against the one in 10 who are opposed to it. This was one of the findings of a poll published on 17 January.

◆ Training programmes in Japan

No manager of a European company can remain indifferent to the Japanese market, with its 120 million potential consumers and a per capita gross national product which is among the highest in the world. Would you like to understand how work and production are organized in Japan? Would you like to develop your product for the Japanese market? The Human resources training programme (H RTP) is a good way of doing so. Set up with the help of the European Commission and Japan's Ministry of Trade and Industry (MITI), it offers training programmes organized by the EC-Japan Centre for Industrial Cooperation. These programmes last from 11 to 16 weeks. Each consists of two parts: 9 or 13 weeks of seminars, followed by 2 or 3 weeks with a Japanese company. The training sessions are held twice a year: from January to March (11 weeks) and from August to November (16 weeks). Candidates from SMEs must be at least 32 years of age, hold a key post in their company and be a national of one of the countries belonging to the European Economic Area (the European Union plus Austria, Finland, Iceland, Norway and Sweden). They can obtain study grants from the European Commission. The last date for applications is 31 May 1994 for H RTP XV (departure in August 1994) and 31 October 1994 for H RTP XVI (departure in January 1995). Application forms can be obtained from the European Commission, DG XXIII, Sub-contracting — H RTP, Rue de la Loi 200 (AN 80, Office 4/24) B-1049 Brussels.

◆ JOPP: joint venture in Central and Eastern Europe

JOPP — the Joint venture PHARE programme — was launched by the European Commission in 1991, in the framework of the PHARE programme, which seeks to encourage economic reform in Central and Eastern Europe. The aim is to facilitate the creation and development of joint ventures in the countries of Central and Eastern Europe, even while encouraging foreign investment and the growth of the competitive sector. Targeted mainly at SMEs, JOPP can intervene at any of the various stages in the creation of a joint venture, from the feasibility study to finding the necessary financial resources. With a budget of ECU 20 million (ECU 1 = UK£ 0.75 or IR£ 0.78) for the period from 1991 to 1994, JOPP has already helped finance more than 250 projects. These projects are expected to result in productive investments amounting to more than ECU 500 million in all, if the present forecasts materialize. In view of this success, the European Commission has decided to extend the programme and to make a further contribution to its budget of ECU 27.5 million for 1994. The link between the European Commission and the companies is

provided by a network of financial intermediaries, associated with the programme.

◆ Seed capital: 185 new companies, 1 701 new jobs

Seed capital, which finances the start-up of new companies, has declined sharply in Europe. In order to stimulate this form of financing the European Commission launched a Community pilot scheme in 1988. The aim was to attract private capital through the creation of 24 new investment funds; encourage the creation and development of innovative businesses by means of these funds and, finally, enable experiences to be exchanged between those engaged in providing venture capital at the European level. The 24 funds represent the core of the European Seed Capital Fund Network (ESCFN), which also brings together 17 associate members who receive no financial support from the EU budget. The 24 funds are entitled, during a five-year period, to repayable advances covering 50% of their operating costs. Moreover, the European Commission has contributed to the capital of 15 of these funds, which are established in disadvantaged regions. The contributions were made through the European enterprise and innovation centres located in the regions in question. According to a report, which was updated this January, the 24 funds have raised ECU 40 million in all. They are now increasing their capital, which should result in an increase in their resources to ECU 50 million this year. The funds have invested ECU 20 million in 185 new companies, 159 of which are still in business. These 159 companies have together created 1 701 new jobs. Their turnover averaged ECU 480 000 in 1993. Some 75% of these companies have activities with a strong or average technological content.

◆ Two rendezvous: Istanbul and Gdansk

Two days of meetings between the heads of Turkish and European companies are planned for 6 and 7 April 1994 in Istanbul's International World Trade Centre. They are being organized in the framework of the MED-Partenariat programme.

The 10th edition of Europartenariat is scheduled for Gdansk, in Poland. It will take place on 9 and 10 June 1994.

A catalogue is available for each of these events; it sets out the main features of each company which has been chosen to take part — roughly 300 Turkish and 400 Polish SMEs — as well as the contents of their cooperation proposals. Copies of the two catalogues are being sent to the members of the various European networks, including the Euro-Info Centres, BC-Net (the Business Cooperation Network), the Business Cooperation Centre and the enterprise and innovation centres as well as chambers of commerce. They are being made available through the network of national business consultants who are responsible for promoting the two events.

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Directorate-General 'Information, Communication, Culture and Audiovisual' and Directorate-General for Enterprise Policy,
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