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frontier-free EUROPE

Trans-European networks — A priority

■ by Henning Christophersen, Vice-President of the European Commission

Trans-European networks in transport, energy and telecommunications have received increasing attention in recent years. This follows the inclusion in the Maastricht Treaty of a separate title covering trans-European networks. It also results directly from the Commission's White Paper on growth, competitiveness and employment which stimulated the European Council in December 1993 to establish two high-level working groups, one on telecommunications networks (the so-called Bangemann Group) and the other networks in transport and energy (the so-called Christophersen Group).

The trans-European networks will help to implement the internal market by giving the physical means to benefit from the legal and administrative liberalizations that have already been decided. In addition, trans-European networks will contribute to growth and employment, and to social cohesion. Total investments in the Union could amount to at least ECU 400 billion for the rest of this decade.

Priority projects in transport and energy: The high-level group concerning trans-European networks in energy and transport will present to the European Council in December 1994 recommendations on how to implement speedily and efficiently a number of priority projects. It will also make recommendations on improving the general conditions for the establishment of networks. The group already proposed to the Corfu European Council in June to give priority to 34 transport projects and nine energy projects of common European interest. Many of these projects have been blocked at the project stage for years due to difficulties arising from their exceptional scale and transfrontier nature. If such obstacles can be overcome, 11 of the transport projects could already be started before the end of 1996.

Public-private partnerships: In the light of the difficult budget situation of many Member States and in the European Union, maximum private participation is to be encouraged in the establishment of trans-European networks. This is no easy task for very large transport projects with long implementation periods and uncertain future traffic flows. However, by careful consideration of the individual elements of projects it is frequently possible to find more scope for private involvement than Member States have traditionally thought. This is why the group seeks to encourage Member States to look again at traditional approaches in infrastructure construction and operation.

The regulatory framework: Infrastructure construction must respect a complicated set of rules and regulations, often with great differences between the Member States. To speed up the implementation of networks, and to encourage public-private partnerships, these complex rules and procedures should be streamlined, for instance by having one approval procedure instead of requiring a series of different approvals for each element of a project. In addition, the group seeks to eliminate problems facing the priority projects due to their transborder nature. These problems consist for instance in different ideas between the involved Member States about the technical features of a project, or different traditions in project promotion, operation and financing.

Finance: Preliminary estimates by the Commission indicate that financing the priority projects will be difficult. Since available public and private sources are unlikely to be sufficient, the Commission has invited the Member States to consider finding additional Community finance for these purposes. This could take the form of loans raised by the Community on the private capital markets or guarantees for such loans. The European Investment Bank is already giving similar loans for infrastructure projects, but it is unlikely that the EIB can raise the capital needed to realize the priority projects because prudent risk-spreading principles oblige the EIB to limit its exposure on each individual project.

In the longer run, an important task facing the European Union is to promote the development of financial market mechanisms to allow for more direct long-term investment in infrastructure projects by private institutional investors. In comparison with the USA and Japan, the European Union lacks such markets where private investment is placed directly in revenue bonds for individual projects or infrastructure portfolios.

Extending the networks beyond the Union: Although the emphasis is on trans-European networks within the Union, the extension of networks into third countries is also important. The physical integration of new Member States into the European Union is an obvious priority. It is also important for the Union to extend the energy networks to third countries to improve diversification and security of energy supply. For historical and political reasons a particular effort should be made to improve the links with Central and Eastern Europe to cope with the increased communication needs which will result from their new partnership agreements with the Union.

8
SEPTEMBER/
OCTOBER 1994
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DECISIONS

■ Ten EU countries have very big deficits

Ten European Union countries — the exceptions are Ireland and Luxembourg — have budgetary deficits which are excessive in terms of the Maastricht Treaty, the EU Council of Ministers decided on 19 September, in keeping with the recommendation of the European Commission. The decision should lead to the Council making recommendations to the 10 Member States in question. This is the first time this procedure, which is part of the second stage of European economic and monetary union, is being applied. The absence of an excessive budget deficit is one of the conditions laid down by the Treaty for the adoption of the single European currency.

■ Free movement of foreign workers

The free movement of workers within the 12-nation European Union is not necessarily limited to European citizens. Thus, Moroccan workers employed by a Belgian firm can work in France for their firm for a month, without having to get a special work permit from the French authorities, provided they are in possession of a visa. A ruling to this effect was laid down by the European Court of Justice on 9 August, in a case involving a Belgian demolition firm and the French Office of International Migration. The latter had insisted that the four Moroccans, who were Belgian residents, submit to the formalities required of foreigners exercising a profession in France, notably to a 'special tax'. The European Court Judges held such a requirement to be contrary to Articles 59 and 60 of the EC Treaty, which deals with the freedom to provide services within the single European market.

■ An agency for safety at work

The European Agency for Safety and Health at Work, set up by the European Union Council of Ministers on 18 July, will collect, exchange and publicize widely all the available technical, scientific and economic information on the subject. It will pay particular attention to the prevention of accidents in small and medium-sized enterprises (SMEs). The agency will encourage cooperation between EU countries and direct a network linking national networks in this sector. It will keep European institutions, national authorities and all interested bodies fully informed. Located in the Spanish city of Bilbao, the agency should be operational at the end of the year.

■ Ending rabies in order to end borders

The European Commission adopted on 26 July plans for eliminating rabies from those parts of Belgium, Germany, France and Luxembourg in which the disease exists. Their implementation will extend to several regions outside the European Union, lying between the Baltic and Adriatic seas and including Switzerland and Austria, two future members of the European Union. In practice, bait containing vaccines against rabies will be distributed in order to eliminate the disease from foxes, which should lead to its disappearance from other animal species. Some ECU 7 million (ECU 1 = UK£ 0.79 or IR£ 0.80) will be provided from the EU budget for 1994, to be added to the ECU 20 million made available since 1989. The elimination of rabies from the EU would make possible the free movement of domestic animals, currently hampered by the very strict border checks carried out by the British and Irish.

■ Sharing out Community initiatives

Greece will receive the largest amount, on a per-capita basis, of aid designed to promote cooperation between the regions of the European Union, in the framework of the foury-year (1994-99) Community initiative, Interreg. Portugal is the main beneficiary as regards the initiative in favour of small and medium-sized enterprises (SMEs). The European Commission shared out among EU countries on 13 July the funds provided under nine of the 13 'Community initiatives' — the programmes of regional and social aid launched by the European Commission. The scope of these programmes ranges from helping workers adapt to industrial change to urban renewal, rural development, vocational training for young people and women and adjustments in the fisheries sector. Some ECU 13.5 billion are being made available for these 13 programmes, of which ECU 8.2 billion is reserved for the Union's less-developed regions.

■ Stricter measures against BSE

With a view to safeguarding both the health of European consumers and the unity of the single market, the European Commission announced on 18 July stricter measures against 'mad cow' disease, or bovine spongiform encephalopathy (BSE). The disease, which has affected cattle in the UK, has aroused fears in other EU countries. On the basis of the recommendations of the EU's Scientific Veterinary Committee, the European Commission has defined more strictly the categories of meat from the UK which can be put on sale in other EU countries. As a result, the German Government decided not to ban imports of British beef.

INITIATIVES

● For a more competitive industry

The competitiveness of European industry depends increasingly on the ability to exploit quickly such 'non-material' advantages as training, research, technology and information. The European Commission has followed up this observation with both a diagnosis and recommendations, which are set out in a document presented on 14 September. The Commission has concluded that while European industry has become more competitive in recent years, it has not (1) specialized sufficiently in sectors with a future — information technology, biotechnology and the environment — and (2) paid enough attention to such promising markets as Asia and Latin America. The Commission is recommending that: (1) Europeans stimulate investments in such 'non-material' factors as research, training and the organization of work; (2) European companies team up with each other and with companies located in other parts of the world; (3) the European Union ensures a level playing-field for European companies by keeping a strict control on the grant of State aids by the Member States and (4) monitoring the opening of foreign markets to EU goods and services. The Commission is also calling on national and Union authorities to follow procedures which are more effective and less cumbersome.

A PLAN FOR AN INFORMATION SOCIETY

In order to implement the guidelines adopted by the European Council when it met in Corfu at the end of June, the European Commission submitted on 19 July an action plan for the development of a European information society. The Commission believes that three major types of action are needed to meet the global challenge of electronic information and its applications. They are: to create a European regulatory framework, introduce trans-European networks and services and prepare for the economic, social and culture adjustments implicit in this veritable revolution. The legal framework involves in particular the liberalization of telecommunications and the standardization and interconnection of national networks. As for networks and services, the Commission wants to play a catalytic role here, in order to ensure a European dimension, whether it be for email, file transfer or interactive video. The Commission will also examine the social and cultural aspects of the information society.

EU RESEARCH AND TECHNOLOGY AND SMALL AND MEDIUM-SIZED ENTERPRISES

Otto von Schwerin,
Head of Information and Communication Unit, DG XII — Science, Research and Development

Despite mounting competition, the globalization of the markets and a worldwide trend towards concentration, small and medium-sized enterprises (SMEs) continue to form the backbone of the European economy and industry.

If we accept the criteria applied by the European Commission, whereby all firms with up to 500 employees and an annual turnover of ECU 38 million are within the definition of an SME, then more than 99% of firms and roughly two thirds of workplaces in the EU are covered. In the present situation of the Western industrialized countries, where scientific achievements and technical progress have become decisive factors of competition both in Europe and on the world market, this category is clearly of considerable importance from the point of view of research and technology policy. Furthermore, its involvement in technological development is crucial for its integration and self-assertion on the European internal market.

Trends in unemployment and employment in the 1980s have shown that the majority of new jobs have been created firstly in high-tech industries and above all in small industrial firms. Nowadays, product innovation is virtually the preserve of small businesses not only in America, as the example of Silicon Valley showed more than 10 years ago now, but also in Europe. The smaller firms have precisely those characteristics which are particularly advantageous in the process of research and technological development — creativity, entrepreneurial initiative, dynamism, flexibility and openness to innovation.

Research and technological development is thus very important to small businesses both in terms of their potential and their technological needs. However, it also poses problems for them in many ways: in the age of the information society, R&D swallows up enormous financial resources and demands more and more highly skilled staff. This is true not only for high-tech industries but also for older-established industries with a high technological input, such as the machine, car and chemical industries.

Small businesses are by their very nature often more vulnerable in this respect than large concerns with their superior financial and manpower resources, particularly in times of recession, rising costs and increasing unemployment. On the other hand, it has to be borne in mind that only 5% have their own research capacities and that only a further 15% are directly involved in research work through their membership of research institutions or the commissioning of work from other research bodies.

Given that most small businesses are also interested primarily in results and potential practical applications, the high cost of performing their own research would at any rate not be justified in these cases.

Unlimited access to EU research programmes

Ultimately, any definition of small business that is based purely on size will overlook their specific technological relevance; for instance a small or medium-sized software house is clearly in a different position from a textile firm. Small businesses obviously have unlimited access to the EU research programmes described in No 6-1994); and they have been increasingly involved in various research programmes running under the second and third framework programmes, especially those closely geared to industrial application.

At present, some 20 to 30% of firms involved in industrial research projects are in the small business class. The proportion involved in the industrial and materials technology programme (BRITE/EURAM) rose from 18% in 1985 to 32% in 1993. Indeed, almost every industrial research programme involves at least one of them, and in some industry-related programmes, small businesses account for as much as 70% of the firms involved in project partnerships. By contrast, their financial contribution to the programmes as a whole, at an average of around 15%, is still very underdeveloped and is certainly not commensurate with their economic and technological importance.

Practical problems hamper participation

Occasional criticism has been expressed in this connection. Understandable though it may be in terms of economic policy, such criticism is, however, basically unwarranted since EU research promotion in no way discriminates between categories of partners: all interested parties have totally unrestricted access. The selection procedures are none the less stringent and, unlike some other EU financing instruments, focus mainly on aspects of scientific and technical quality. The system is thus based very logically on competition, so that small firms inevitably tend to lose out to the large concerns with their highly specialized research departments and extensive information and advisory resources.

Lastly, in many cases it is practical considerations which hamper greater participation in the research programmes — questions of experience, timely information, competent advice, problems of preparation, lead times and especially prefinancing, which are, of course, problems to be solved by the applicants themselves, and also the need for suitable partners, which is no easy matter in the international context, and finally the often long time-lag between research and marketing, which also entails considerable financial burdens.

The European Commission has been looking into these problems for some years now and has taken a series of initiatives in this area.

A model for efficient SME research in the EU

In 1991, a new model for cooperation research known as CRAFT was set up under BRITE-EURAM, the industry and materials technology programme. Under this model, various small businesses pursuing the same project idea but without the necessary research capacities join forces and entrust the actual research work to a third partner (a university institute, industrial laboratory or free-market research). In this case, the Commission shoulders up to 50% of the research costs, the remainder being borne by the parties concerned.

CRAFT is a typical 'bottom-up' programme, i.e. initiatives have to come from the individual enterprises themselves. It is not to become the preserve of research institutes, even though they may play an important role in its implementation.

Project proposals must match the practical needs of small firms, who must accordingly define technological objectives themselves.

After the two-year pilot phase, the programme is now in great demand: it has already afforded access to the research programmes for some 1 500 small firms. Furthermore, four out of five participants had never before taken part in an EU pilot project. One in two participants had never before sought cooperation on research.

Much of the success of CRAFT is certainly attributable to the measures taken by the Commission in recent years to improve information and transparency such as the network of Euro-Info Centres (now more than 200 in number) and various more recent publications targeted specifically on small business [1].

Given that CRAFT projects relate to the very practical needs of small business, only a limited number of examples are quoted here:

1. Construction materials: Development of a new enamelling technique for floor tiles (resistance to wear and easier care); one British, one Irish, one Spanish and two German and firms — total cost ECU 800 000.
2. Medical materials: Manufacture of osteo-interactive bone prostheses (longer life-span and reliability); one Italian, one German, and two French firms — total cost ECU 1 million.
3. Jeweller's materials: Surface treatment with nickel (against skin allergies); one Spanish, one Italian and two French firms — total cost ECU 900 000.

These examples show that the EU's efforts to promote research are not simply 'art for art's sake' but are a response to very real practical needs. The model lends itself particularly well to rapid problem-solving. The duration of projects is on average one to two years whereas the normal duration of R&D projects is often much longer.

In addition to the industrial and materials technology programme, small businesses are, of course, also involved in other fields of the framework R&TD programme — hardware and software development, communications technology, computer network systems, measuring and testing techniques, environment technology, biotechnology or non-nuclear energies, to name but the most important.

Since the R&TD potential of EU small businesses in all these fields is far from exhausted, the Commission intends, during the lifetime of the fourth framework programme, to extend the successful CRAFT system beyond industrial technologies to other specific programmes which are of relevance and interest to them. This is particularly true for the simplified two-stage application procedure.

Furthermore, in 1993, the Commission set up a network of relay centres in the EU countries under the VALUE programme, specifically geared to preparation and monitoring of R&TD projects in areas such as technology transfer, specifically for small firms, helping to provide information on programmes and procedures, identify partners, evaluate research results, etc.

Barely more than a year since they were set up, these relay centres, which operate mainly under the wing of institutions already experienced in technology transfer, have already reached a considerable level of activity. At the point where R&TD and the free economy meet, they will doubtless be of growing importance in the future.

Own initiative is the decisive factor

Anyone interested in EU research promotion should be fully aware that the initiative has to come from the interested parties — the firms themselves. In future, more work will still be needed on overcoming inhibitions and fear of contact with 'Brussels'.

Surveys of small businesses which have already had experience of EU programmes have shown, moreover, that they do not differ widely from the larger firms in terms of their motives and assessments, even though the larger firms attract more of the limelight. There are considerable parallels in so far as the financial aspect was not the only attraction cited; many were keen on longer-term and more productive motives such as 'broadening of the scientific/technological base', 'higher qualifications of workers', 'establishment of long-term partnerships, in many cases going beyond R&D cooperation'. This is the very essence of the European Commission's research and development policy, which is in no way designed purely as a subsidy scheme.

At all events, it can already be said that in recent years, the R&TD policy of the EU has made a substantial contribution to the integration of small businesses into the single European market and that, without the European dimension, the problems confronting firms in this category would most certainly be far more difficult to solve in the current period of economic and structural adaptation difficulties.

Clearly, however, much still remains to be done if small businesses are to emerge strengthened from this process of adaptation.

[1] See: *EC research and technology funding for small business — A guide for beginners* (Brussels, 1993); *EC-funded research and technological development: An insight into the handling of project proposals, An introduction to contract negotiation* (January 1994); *R&TD-Info* (two-monthly newsletter in English, German and French).
All these publications can be obtained from the Information and Communication Department of DG XII — Mrs D. Fassone, Fax: +32/2/295 82 20.

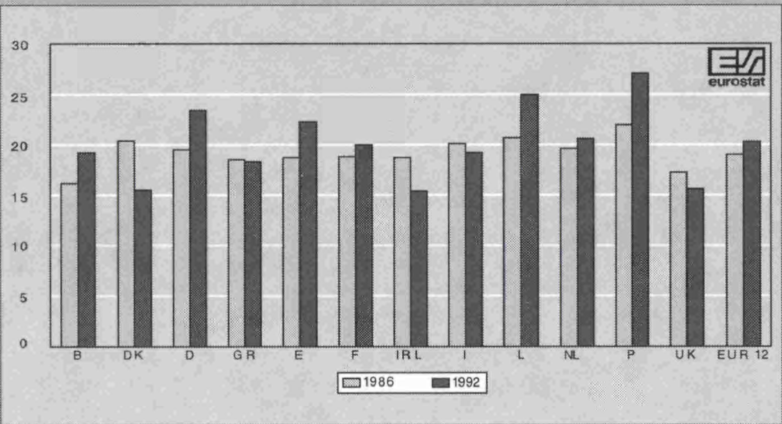
Key figures

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

Investments in the European Union

Investments

Gross fixed capital formation (GFCF) as a percentage of GDP, 1986 and 1992



The share of investments in the Community's GDP grew slightly between 1986 and 1992, from 19.0% to 20.3%. The performances of individual Member States varied.

Seven Member States saw growth in the share of investment in their GDPs; the steepest increases were in Germany, Spain and Portugal.

Four Member States invested less, with the steepest declines in Denmark and Ireland.

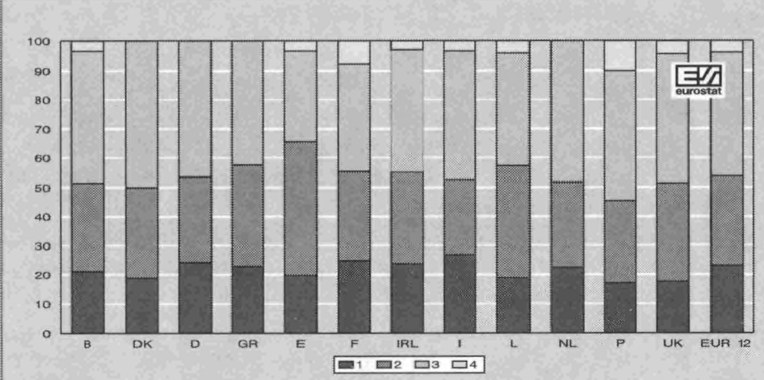
In Greece the situation was stable.

Gross fixed capital formation (GFCF) as a percentage of GDP

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1986	16.1	20.4	19.5	18.5	18.7	18.8	18.7	20.1	20.7	19.6	22.0	17.2	19.0
1992	19.2	15.5	23.4	18.3	22.3	20.0	15.4	19.2	25.0	20.6	27.1	15.6	20.3

Structure of investments

Structure of GFCF by product, 1991 (in %)



1 = housing; 2 = other buildings and constructions; 3 = plant and equipment; 4 = other

Housing accounts for around 23.1% of investments in the Community as a whole; the table is headed by Italy with 26.8%.

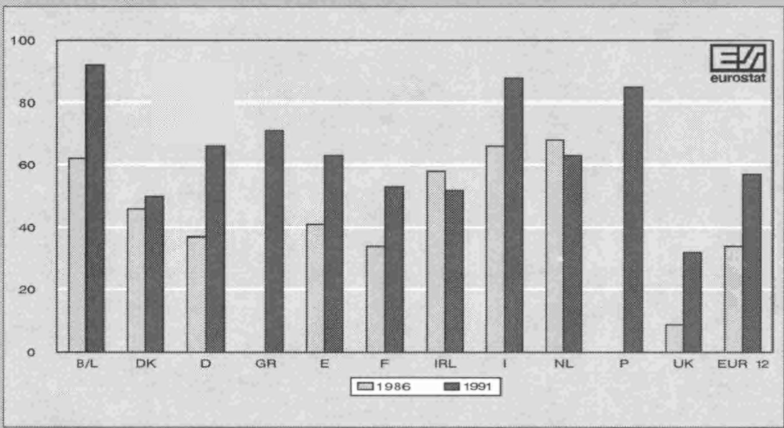
For the Community as a whole, other buildings and constructions account for 30.5% of GFCF, with a maximum of 45.8% in Spain and a minimum of 25.7% in Italy.

Plant and equipment accounts for a further 42.6% of investment in the Union as a whole. Here Denmark heads the table at 50.1%, whilst Spain at 31.2% is furthest from the Community mean.

Structure of GFCF by product, 1991 (in %)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1	21.1	18.7	24.2	22.8	19.7	24.8	23.7	26.8	18.8	22.4	16.9	17.4	23.1
2	30.4	31.2	29.2	34.7	45.8	30.4	31.4	25.7	38.4	29.3	28.4	33.9	30.5
3	45.2	50.2	47.0	42.5	31.2	37.2	42.0	44.2	38.8	48.3	44.7	44.3	42.6

Intra-Community share of direct international investment by Member States, 1986 and 1991 (Italy: 1986 and 1990) (in %)



Dominant position of intra-Community investments

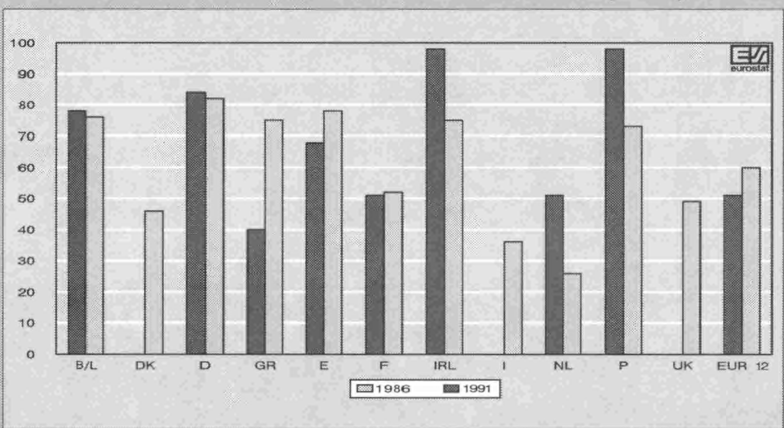
The coming single market led to a geographical redistribution of direct international investment. The share of intra-Community investment in the total of Member States' direct investments abroad rose from 34% in 1986 to 57% in 1991.

By 1991, the Belgo-Luxembourg Economic Union was putting 92% of its direct international investment into other Member States of the European Community, followed by Italy (88%) and Portugal (85%).

The steepest rate of growth over the period was shown by the United Kingdom, where the intra-Community share of direct investment abroad rose from 9% in 1986 to 32% in 1991.

	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR 12
1986	62	46	37		41	34	58	66	68		9	34
1991	92	50	66	71	63	53	52	88	63	85	32	57

Share of intra-Community investment in direct international investments made in Member States, 1986 and 1991 (in %)



Priority to intra-Community investments

Germany is the preferred Member State for intra-Community investment: more than 80% of the direct foreign investment in Germany originates elsewhere in the European Union.

Greece has seen a steep increase in the rest of the Union's share of direct foreign investment in the country, from 40% in 1986 to 75% in 1991.

In the Netherlands, meanwhile, the sources of direct foreign investment have become more diversified, with the intra-Community share falling from 51% in 1986 to 26% in 1991. Ireland showed the same tendency, though its intra-Community share continues to exceed the Community average.

	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR 12
1986	78		84	40	68	51	98		51	98		51
1991	76	46	82	75	78	52	75	36	26	73	49	60

● The social policy in black and white

Social policy must seek to integrate everyone into the economy and into society, starting with the area of employment, which remains the top priority. These are the principles which should guide the European Union when taking action in the social field until 1999, according to the White Paper on social policy, published by the European Commission on 27 July. The fight against unemployment, the Commission notes, requires investment in education and training and the development of a genuinely European labour market. It is also necessary to complete European social legislation and see to the implementation of existing 'laws'. Finally, according to the White Paper, it is equally necessary to verify that there is free movement of persons within the single market, and by the same token to promote a social dialogue between employers, workers and the public authorities at the national level. For the European Commissioner for social affairs, Pádraig Flynn, high social standards increase productivity, while lowering them gives companies a very short-term advantage at best.

● 'European' payment cards

In a certain Danish village you can use the same prepaid electronic card when using the launderette and the municipal car park. This card, a kind of 'electronic purse', will soon be tried out in Copenhagen. Variations of it are being studied in Britain and Belgium. These prepaid cards differ in two ways from cards incorporating a microchip currently in use, such as telephone cards. They can be used to pay for different kinds of goods and services and payments can be made in more than one currency. In a report drawn up in May, the European Monetary Institute, Europe's embryonic central bank, held that only banks should have the power to issue such cards. The European Commission announced on 9 August that it was launching a study designed to assess the impact of these cards on the single market. It is largely a question of finding ways of enabling the new cards to be used throughout the 12-nation European Union.

A MARKET — SPACE IN NEED OF PLANNING

The current process of European integration implies that town and country planning should be conceived at the level of the European Union itself, even while developing cooperation with neighbouring countries. This is the kernel of the message contained in the report 'Europe 2000+', which the European Commission adopted on 29 July. In one field — that of town and country planning, for which responsibility lies initially with the Member States — the Commission takes the view that cross-border cooperation is required, especially as regards transport and the environment. The report notes that the best example of such cooperation is to be found deep in the Benelux countries and between Germany and the Netherlands. The report insists on the importance of small and medium-sized cities for the readjustment of urban areas and the development of rural areas. According to another report which the Commission adopted in July — the fifth report on the development of the regions of the European Union — regions facing industrial decline are the ones that have been the most successful in creating jobs between 1986 and 1993. Of the most disadvantaged regions, those which have been the most successful in catching up with the more prosperous ones are Ireland and Portugal, as well as western and southern Spain. These two types of regions have received substantial help from the EU budget.

○ BRIEFLY

Price differentials between EU countries for the same model of car tended to narrow between last November and May of this year, according to the European Commission, which studied the prices, exclusive of taxes, of 74 current models, representing 23 makes. The lowest prices — in ecu — were to be found particularly in Spain, Portugal and Italy, the highest in the United Kingdom, France and Germany. Small cars accounted for the biggest price differentials.

The **transport of goods by road** is suffering from the economic downturn, and the sector is finding it difficult to adapt to the liberalization introduced by the single market. Harmonized standards are needed as regards access to the profession, taxation and working conditions, in order to ensure fair competition between firms. Moreover, standards must be better implemented by fighting against fraud. These are the conclusions reached by a group of European 'wise men' and contained in a report published in July.

LANGUAGES: ENGLISH IS IN THE LEAD

English is the language most widely used in the 12-nation European Union. Some 42% of Europeans are able to converse in English, although it is the mother tongue of only 17% of them. German is next (31% at present and roughly 33% after Austria's entry into the EU next year), followed by French (29%). These are some the findings of the latest Eurobarometer survey (No 41), published at the end of July. English is the most widely-taught foreign language in 10 of the 12 EU countries. However, in Luxembourg, French is the most widely-taught language (95%), followed by German (93%). In Portugal, French is ahead of English (32 and 29% respectively). In the Netherlands, English (85%) is closely followed by German (81%). In the English-speaking countries, French leads with 51% in the UK and 41% in Ireland.

Statistics, analyses and forecasts covering some 190 industrial and services sectors and studies dealing with the importance of services, small and medium-sized enterprises (SMEs) and European investments abroad — these are among the contents of the 1 400-page *Panorama of EU industry*, published by the Office for Official Publications of the European Communities (L-2985 Luxembourg), and priced at ECU 130.

Belgium, Italy, Luxembourg, Denmark, Greece and Spain opened the way; now the other European Union countries are following their example and organizing **internal market weeks.** The aim is to give company managers as well as individuals an opportunity to find out about the single market through special telephone lines and conferences. These internal market weeks will be organized in Ireland and France at the end of October, in the United Kingdom at the beginning of November, in Portugal in mid-November and in Germany and the Netherlands at the end of November.

In order to prevent unfair competition between Member States of the European Union, the European Commission proposed on 13 July **harmonizing export credit insurance.** Granted by government agencies to domestic firms seeking to export outside the EU, this insurance covers the risk of non-payment. It has amounted to ECU 7 billion for the 12 EU countries during the last three years.

For companies wanting to lodge a complaint against the non-implementation of a 'European law' the necessary legal and other procedures remain very long. In the case of sectors not yet harmonized at the European level, EU countries are introducing too many national rules. These were the main criticisms expressed by company managers at a conference on the **obstacles to trade within the single market,** organized in Copenhagen on 13 September.

The European Commission proposed to the Member States on 13 July a standard visa to be used by foreigners coming to the European Union for periods of up to three months. This 'European visa' should be the final element in the system under preparation: a convention governing the crossing of the EU's external frontiers and a common list of the countries whose nationals require a visa to enter the territory of the EU.

SEEN FROM ABROAD

► Iceland: to join — or not to join?

'Iceland will not ask to join' the European Union, the country's Prime Minister, David Oddsson, declared on 25 August. 'The question would arise if it were the last boat for Europe; but there will be many another boat', he added. During a visit to the European Commission in Brussels on 26 July, Mr Oddsson claimed that 53 of the 63 members of the Icelandic Parliament were opposed to EU membership. However, 59.4% of the people of Iceland favour entry, according to a poll conducted in June. Foreign Minister Jon Baldvin Hannibalsson would like his country to apply for membership. The fact is that Iceland is the only EFTA country belonging to the European Economic Area which has not asked to join the EU.

▷ BRIEFLY

The Clinton Administration is to resume promoting American exports to Europe, now that the Old World is experiencing economic recovery. Announcing the Administration's initiative on 12 September, Jeffrey Garten, the **Commerce Under-Secretary** in charge of international trade, specified that US strategy would take restructuring, deregulation and privatization into account.

Europartenariat in Bilbao 21 and 22 November 1994

Thanks to the operation Europartenariat Cornisa Atlantica, the managers of 479 Spanish SMEs (small and medium-sized enterprises) will be able to meet company managers from other European Union countries as well as from Central and Eastern Europe, the Mediterranean basin and Latin America. The meetings will take place on 21 and 22 November in the grounds of Bilbao's international fair. Their aim: to conclude commercial, technical or financial cooperation agreements. The Cornisa Atlantica is made up of several Spanish regions: the Basque Country, Galicia, Asturia, Cantabria, Rioja, Aragon and Navarre. The 479 SMEs were chosen by their respective regions. Their profiles, and the details of the kind of cooperation they are seeking, are contained in a catalogue, which has been widely distributed through a network of business consultants. Some 2 000 visitors are expected to attend Europartenariat in Bilbao. For further information, please contact the Secretariat, Europartenariat Cornisa Atlantica, Feria Internacional de Bilbao, Apartado 468, E-48080 Bilbao; Tel.: (34-4) 427 6901/05, Fax: (34-4) 427 6991. The next session of Europartenariat, aimed at helping SMEs located in North Rhine-Westphalia, Germany, will take place in Dortmund on 20 and 21 March 1995.

Research: 23 CRAFT projects are approved...

Because of their size SMEs often have difficulty developing their capacity to innovate and take part in European research programmes. This is where the Community programme, European cooperative research action for technology (CRAFT) comes in: it enables SMEs which do not have the means to undertake research themselves to team up with others, across national borders, and to have the necessary research done on their behalf by research institutes, universities or other firms. This action is currently limited to the fields covered by the BRITE/EURAM research programme, which itself is confined to industrial technologies and materials. In all, some 1 250 SMEs have already taken advantage of CRAFT since its launch in 1991. In mid-July the European Commission selected 23 new projects, which will help 150 SMEs to innovate. In the context of its fourth framework programme for technological research and development (1994-98), the European Union will make a special effort to get more SMEs to take part in research activities. To this end there are plans to extend the activities of CRAFT to several new fields. The new BRITE/EURAM programme will devote 15% of its budget to SMEs, as compared with 7% under the previous programme.

... and procedures simplified for SMEs.

The European Commission announced in mid-July some more initiatives designed to encourage SMEs to take part in the new generation of Community research programmes (1994-98). To this end it has decided to simplify and harmonize the forms used to submit projects. The amount of information candidates must provide for the preliminary selections has also been greatly reduced. In addition, project descriptions will be drafted in the same way for all research programmes, a move which should make it easier for SMEs wanting to participate in several such programmes. The Commission has already adopted other measures of a similar nature: the publication of tender announcements in the *Official Journal of the European Communities* on fixed dates (15 March, 15 June, 15 September and 15 December), the publication of handbooks setting out the procedures to be followed and a more rapid rotation of the experts entrusted with the task of evaluating the programmes.

Partenariat Europe-middle East Cairo, 6, 7 and 8 December 1994

The first Partenariat European Union-Middle East will be held in Cairo, Egypt, on 6, 7 and 8 December of this year. It will enable some 400 Egyptian, Israeli, Palestinian and Jordanian SMEs to meet managers of companies located in the European Union, with a view to entering into cooperation agreements. A catalogue containing the profiles of each of the companies which have been selected, together with their cooperation proposals, is available. The main sectors represented include the building industry, environmental technologies, textiles, tourism, mechanical engineering, electronics, plastic materials and pharmaceutical products. For further information, contact Mr Anahid Harrison at the German-Arab Chamber of Commerce, 3 Abu El Feda Street, PO Box 385, 11511-Attaba Zamalek, Cairo, Egypt; Tel.: 341-3662 or 341-4023, Fax 341-3663.

Subsidized loans for job-creating SMEs

SMEs which create jobs can obtain loans at subsidized rates of interest from the European Union, in the framework of the growth initiative launched by the European Council in Edinburgh at the end of 1992, and completed by the 1993 European Councils. Under this initiative ECU 1 billion has been earmarked for lending for investment purposes to SMEs which take on workers. In our issue No 6-1994 we reported on the decision taken in principle by the EU Council. The agreement to introduce the system, which is serviced by the European Investment Bank (EIB), was signed on 14 June 1994. In practice, the interest subsidy of 2% will be met out of the EU budget. It will be paid during five years, for a loan not exceeding ECU 30 000 per job created. Equal to 10% of the amount of the loan over five years, the interest subsidy will be in the form of a one-off payment of ECU 3 000 maximum for each new job. The beneficiary will receive the sum on supplying proof that the jobs in question have been created. The system will operate through the EIB's global loans service, and SME candidates will therefore have to apply to the banks and other financial intermediaries entrusted with the task of receiving loan applications. Firms must apply before the end of July 1995, stating clearly the number of jobs they will create between now and 31 December 1996. Subsidy payments will begin on 1 August 1995 and relate to workers who have been in employment for six months at least. The interest subsidy is available to all SMEs in the European Union, with net fixed investments for a maximum of ECU 75 million and a workforce which does not exceed 500 people. Of the beneficiaries, 60% at least will have to have fewer than 250 workers and an annual turnover not exceeding ECU 20 million — or total assets of up to ECU 10 million. More detailed information can be obtained from Mr A. McDonaugh, at the EIB's Information and Communication Division, 100 bld. Konrad Adenauer, L-2950 Luxembourg; Tel.: (352) 43 79 32 47, Fax: (352) 43 77 04.

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