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EUROPEAN COMMISSION
Directorate-General 'Information, Communication, Culture and Audiovisual Media'

Monthly newsletter
ISSN 1021-237X

# A Bank furthering European integration

by Sir Brian Unwin, President of the European Investment Bank

With more than 35 years' experience, the European Investment Bank (EIB) is a major player in the process of building Europe. By providing loans and guarantees, it underpins public and private-sector capital investment fostering integration and balanced development within the European Union. The Bank also helps in implementing the Community's cooperation and development aid policies towards some 130 non-member countries in Africa, the Caribbean and the Pacific, the Mediterranean region, Central and Eastern Europe and, since 1993, Asia and Latin America.

Between 1989 and 1993, EIB lending totalled some ECU 77 billion,[1] the bulk of this advanced for projects within the European Union (90%). The Bank was thus involved in investment accounting for more than 5% of gross fixed capital formation in the Union, especially in the least prosperous regions, in line with the prime objective entrusted to us under the Treaties.

**A wide range of sectors** We provide finance for a broad spectrum of economic sectors: first and foremost, trans-European transport, telecommunications and energy networks, facilitating freedom of movement of people, goods and information. The Bank has, therefore, made an active contribution towards the major infrastructure projects constructed in the latter part of this century, such as the Channel Tunnel, the high-speed train networks in France, Belgium and Spain, the Great Belt fixed link in Denmark, the second Severn crossing in the United Kingdom, the Alpine tunnels, etc. But the EIB is also a major source of finance for new industrial activities and advanced technology in sectors such as the motor vehicle industry, chemicals, pharmaceuticals, aeronautical engineering, computing ... .

The EIB devotes one quarter of its financing to environmental protection and management, particularly in urban areas, where nearly 70% of Europe's population lives: waste disposal, wastewater treatment and public transport schemes are among the projects currently receiving EIB support throughout the Member States. The Bank also provides loans for investment in energy production and distribution (oilfields, power stations, alternative sources of energy, interconnection of Europe's power grids and gasline networks, etc.). The EIB's activities are geared towards promoting economic development on a socially and environmentally acceptable basis.

**Supporting investment by SMEs** Whilst we finance major investment through direct individual loans, this does not mean to say that we ignore small and medium-sized projects, which attract EIB backing indirectly through our 'global loans', basically lines of credit opened up to some 130 banks and specialist financial intermediaries to be deployed in line with criteria set by the EIB. Over the past five years, more than 40 000 investment schemes, of which 36 000 ventures promoted by smaller businesses (SMEs) and 4 500 regional infrastructure projects, have attracted global loan finance totalling ECU 14.7 billion. Nearly two thirds of this investment is located in assisted areas with, in the case of businesses, a marked concentration on those employing fewer than 50 people. Furthermore, the EIB is making available to SMEs creating employment ECU 1 billion through global loans which carry a 2% interest subsidy financed from the Community budget. At the same time, the establishment, in June of this year, of the European Investment Fund (EIF) will provide an instrument for guaranteeing the loan portfolios of banks specializing in funding for SMEs.

**Addressing real economic requirements** The European Union's financial institution, the EIB, is self-financing and does not draw on taxpayers' money: it raises funds on the capital markets worldwide in some 17 different currencies, principally European. Consistently attracting the highest credit rating (AAA), the Bank onlends its borrowings, on a non-profit-making basis, at rates reflecting this prime position. In conclusion, I would say the EIB demonstrates that the process of building Europe can address real economic requirements, with efficiency and effectiveness constantly to the forefront and in line with the needs of promoters and investors.

[1] On the basis of the statistical rates for the fourth quarter of 1994, ECU 1 = UK£ 0.79 or IR£ 0.79.

## ■ Telecoms: liberalization by 1998

Most European Union countries will have to open up their telecommunications infrastructures to competition by 1 January 1998 at the very latest. They could then be used to run services, most of which are already open in principle to the Union as a whole, but in practice are waiting in many cases for an end to monopolies at the networks level. The EU Council adopted, on 17 November, a timetable for liberalizing this sector, which has remained largely outside the European single market. Luxembourg will have until 1 January 2000 to liberalize, given the size of its network, and the Union's four poorest countries — Greece, Ireland, Portugal and Spain — until 1 January 2003. For the Council, liberalization will have to follow the rules of the game: the Commission's proposals were expected for the end of 1994. This opening-up of telecommunications to competition is being carried out in the context of the information society, foreseen by the Commission White Paper on growth, competitiveness and employment.

## ■ Eco-labels for three more products

Washing machines and dishwashers have led the way. Now three more groups of products will be entitled to display the European Union's eco-label if they meet the ecological criteria set by the European Commission. The products in question are paper towels for household use, toilet paper and the fertilizers or soil improvers used by gardening enthusiasts. For these three product groups, the Commission adopted, on 15 November, the ecological criteria manufacturers will have to meet to win an eco-label, which shows a flower made up of the 12 stars of the European flag. The label, which is designed to promote environment-friendly products, is not a standard, but can lead to consumers being better informed on the 'ecological' impact of products. The Commission expects to adopt shortly criteria for paints, varnishes and detergents.

## ■ Eight programmes to prevent unemployment

To prevent workers most at risk from losing their jobs because of structural changes in industry, the European Commission is putting 19% of the aid provided by the European Social Fund at the disposal of regions that do not count as the most disadvantaged in the European Union. This is a new form of aid, based on the principle that prevention is better than cure, and is known as Objective 4 in EU jargon. It is in this context that the Commission approved, on 16 November, the action programmes of eight of the nine countries in question: Belgium, Denmark, France, Germany, Italy, Luxembourg, the Netherlands and Spain. The aim is to train workers so that they can either remain with their present employer or find a new job; improve vocational training systems and analyse the needs of the labour-market in terms of job qualifications. Britain, which is entitled to Objective 4 assistance, did not submit a programme to the Commission. Greece, Ireland and Portugal receive the same type of employment support, but in the framework of regional aid provided under Objective 1.

## ■ Butter, margarine and their likes

From 1 January 1996, European rules on the definition, classification and designation of butter, margarine and other fats used as spreads will apply. The rules are set out in a Regulation the European Union Council adopted on 14 November. They are designed to regulate labelling in particular, especially as regards the use of terms such as 'light', so that consumers may be better informed. Products already on the market on 31 December 1993 can continue to be labelled as before for five years. Before the end of this period the Council will re-examine the question in the light of experience. The Council also adopted on 14 November a Regulation providing a single definition for butter eligible for intervention in all Member States, with the aim of regulating the market. Intervention agencies can hereafter buy such butter in all EU countries, regardless of the country in which it was produced.

## □ BRIEFLY

The European Union Council has adopted definitively the 10 recommendations to all Member States, except Ireland and Luxembourg, for putting an end to **excessive government deficits**. The recommendations are aimed at preparing the countries in question for a single currency, in the framework of Stage II of economic and monetary union.

In the new framework programme for **research** — the fourth — all specialized programmes will follow the same rules as regards the participation of companies, research centres and universities. This will also be the case as regards the dissemination of the results of their research. The rules in question, adopted by the EU Council on 22 November, contain special provisions for small and medium-sized enterprises (SMEs). The Council also adopted seven specialized programmes. The areas covered include information technologies and their applications, and standardization.

From the spring of 1997 buyers of houses and flats on a **timeshare** basis will be entitled to more effective protection. After recourse to the conciliation procedure with the European Parliament, the EU Council adopted definitively, on 24 October, a Directive which notably allows prospective buyers to withdraw from a contract within 10 days of having signed it, without having to give any reasons.

The European Union Council adopted, on 21 November, a Directive setting out the rules for the **transport of hazardous goods by road** within the Union. The aim is twofold: to ensure a reasonable level of safety and create a single market for the transport of such goods.

All **seafarers** working on ships registered in a Member State of the European Union will need a certificate issued or recognized by a national authority, according to the terms of a Directive adopted by the EU Council on 22 November. The Council also adopted a separate Directive setting out the EU's own rules for bodies authorized to inspect ships. These two 'laws' are aimed at strengthening maritime safety.
The EU Council decided, on 14 November, to authorize the use of **cyclohexane**, a solvent used in the manufacture of flavours for the food industry.

## ● A European network for jobs

Thanks to a new, computerized network, in operation since 17 November, companies based anywhere in the European Union can recruit staff more easily in other EU countries, while job-seekers can find jobs outside their own borders more readily. The European Employment Services, or EURES, network links some 350 Euro-consultants based throughout the European Union, thus giving the labour-market a more European dimension. These Euro-consultants belong to national employment departments, employers' or trade union organizations, regional administrations and teaching establishments. They are linked to a computerized databank containing information on both vacancies across the Union and living and working conditions in EU countries — housing, taxes, labour contracts, etc. The various activities are coordinated by the European Commission.

## ● Giving SMEs access to ISDN

The integrated services digital network (ISDN), the first step towards the information highways, already offers good scope for computerized communications — but remains too expensive for many small and medium-sized enterprises (SMEs). In order to both improve it and make it more accessible, the EU Council of Ministers adopted, on 17 November, a number of guidelines. They include seeing to it that all regions of the Union are covered; promoting the network among SMEs by making access to terminals easier and software cheaper, and making the ISDN fully compatible with other services, such as mobile telephones. These guidelines have yet to be examined by the European Parliament, while the Council itself must debate another draft decision, which is along the same lines in that it provides for the EU's financial support.

# THE EUROPEAN UNION'S REGIONAL POLICY: OBJECTIVES, WAYS AND MEANS

There are great disparities between different regions in the European Union, and the task of the Union's regional policy is to supplement action taken by the Member States (which provide the greater part of the resources allocated) and ensure that it is directed towards the harmonious development of the Union.

In 1986 the Community made economic and social cohesion (i.e. steps to reduce regional disparities) an essential additional feature of the single market to be completed by 1993. This was to prevent the single market from chiefly benefiting the most advantageously situated regions. In 1989 there was a far-reaching reform of the Community's Structural Funds and a considerable increase in financial resources.

The Treaty on European Union, which was ratified in 1993, confirmed this approach in order to meet new challenges that will pose most problems for the least advanced Member States. What is needed now is not only to develop the single market to its full potential but also to lay the bases of economic and monetary union in accordance with the economic convergence criteria: stability of prices, public finances, exchange rates and interest rates.

## Priority objectives

To strengthen economic and social cohesion, the European Union has set out its priorities in five development objectives for the programming period 1994-99.

*Regional objectives*

- Objective 1 (economic adjustment of regions whose development is lagging behind) covers regions whose per capita GDP is less than 75% of the Union average, or where there are special reasons for including them in this Objective;
- Objective 2 (economic conversion of declining industrial areas) relates to areas where the unemployment rate and the rate of industrial employment are higher than the average and where industrial employment is declining;
- Objective 5b (economic diversification of vulnerable rural areas) applies to areas with a low level of socioeconomic development that also satisfy two of the three following criteria: high share of agricultural employment, low level of agricultural income, low population density and/or a significant depopulation trend;

*Objectives covering the entire Union*

- Objective 3 aims to combat long-term unemployment and to facilitate the occupational integration of young people and persons threatened with exclusion from the labour-market;
- Objective 4 is to facilitate adaptation of workers to industrial change and to changes in production systems through preventive measures against unemployment;
- Objective 5a covers the adaptation of agricultural and fishery structures under the common agricultural policy.

These five objectives will apply also to new member countries joining the Union, and it has been decided that a new Objective 6 will cover Nordic regions with very low population density.

## Instruments

The share of the Union's budget allocated to structural measures is divided between the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) and, since 1993, the financial instrument for fisheries guidance (FIFG). These Structural Funds give grants to finance development projects with the Member States. And loans are given by the European Investment Bank (EIB).

In addition to these instruments, a Cohesion Fund was set up by the Maastricht Treaty to help countries such as Greece, Portugal, Ireland and Spain, where per capita GDP is less than 90% of the average, to prepare for economic and monetary union. The Fund finances projects in the fields of environment and trans-European transport networks anywhere in these countries.

## Increased funding

The resources allocated to the Structural Funds have not stopped growing. Between 1958 and 1988 they totalled ECU 58.4 billion. Between 1989 and 1993 they were nearly ECU 64 billion (1989 prices). For 1994-99 they will go up to ECU 141.471 billion (1992 prices) — an average of one third of the total budget of the Union. In addition there is the new Cohesion Fund (ECU 15.5 billion between 1993 and 1999) and EIB loans (over ECU 15 billion each year).

Priority continues to be given to regions whose development is lagging behind (Objective 1): ECU 96.346 billion (70% of the total Structural Funds budget) is earmarked for this single objective between now and 1999.

## Principles underlying action through the Structural Funds

Since 1989 action through the Structural Funds has been based on four principles that were reinforced by the new rules adopted in July 1993:

- concentration on the five priority objectives;
- partnership, involving close cooperation at all stages between the Commission and the relevant national, regional and local authorities in each Member State;
- additionality, meaning that assistance from the Union should not result in a reduction of aid granted by the Member States but rather supplement it; except in special circumstances, Member States must at least maintain the previous level of public expenditure for each objective;
- programming, through partnership, of a coherent set of measures over a specified number of years.

The principle of subsidiarity enshrined in the Maastricht Treaty governs relations between the Union and the Member States. It means generally that a higher authority should not take action unless an objective cannot be attained at a lower level.

## Programming

The Structural Funds are not normally used to finance individual projects or special measures proposed or selected by the European Commission but rather development programmes that consist of coordinated sets of multiannual measures managed by national or regional authorities, with budgets to finance the resultant activities and projects. These programmes are the culmination of a process involving the various partners: Member State, regions, competent authorities, the Commission. A distinction is made between programmes originating at national level and programmes originating at Community level.

*National programmes* (90% of the total budget) can be prepared on the basis of either of the following.

- A development plan in which the Member State, after coordination with the regional authorities, sets out its priorities for action. The Commission negotiates with the Member State on the basis of this plan to produce a Community support framework (CSF). Only then are the operational programmes proposed by the Member State adopted by the Commission.
- A single programming document (SPD) in which the Member State outlines both its priorities for action and its proposals for programmes, whereupon the Commission adopts a single decision. In contrast to CSFs, SPDs become operational as soon as they are adopted by the Commission.

*Community programmes* (9% of the total budget) are prepared on the basis of guidelines laid down by the Commission in a Green Paper in which it sets out its main ideas on the content of its initiatives. Before it was published in July 1993, this Green Paper was the subject of consultations which enabled the Commission to adopt definitive guidelines for each Community initiative. The Commission then adopts programmes proposed within this framework by Member States.

Community initiatives supplement the CSFs and SDPs and help to solve problems which have particular impact on the Community. Between 1994 and 1999 they will concentrate on seven topics: crossborder cooperation and energy networks (Interreg), local rural development (Leader), outermost regions (REGIS), occupational integration of women, young people and underprivileged groups (Emploi), adjustment to industrial change (ADAPT, SME, Rechar, Konver, Resider, RETEX...), urban policy (URBAN), restructuring of the fisheries industry (PESCA).

Programmes, whether they originate at national or Community level, are always proposed by the relevant authorities of the Member States. Once they are adopted by the Commission, they are implemented by the national or regional authorities which select the measures and projects to be financed. Local authorities, associations, firms or the like wishing to receive support from the Structural Funds should apply to these authorities.

Lastly, programmes are capable of being adjusted. Implementation is supervised by monitoring committees made up of regional, national and Commission representatives which redirect activities where necessary. The Commission attaches great importance to appraisal and evaluation at all stages.

By way of exception to the principle of programming through partnership, the Commission can use 1% of the total budget to select and introduce innovative measures (pilot projects, cooperation and exchange-of-experience networks, studies) to prepare the ground for new policies through an experimental approach at European level. Priorities include continued study of regional planning via the 'Europe 2000+' plan. In addition to these measures, the Commission can set up new aid tools for small businesses locally and in the regions as, for example, the European business and innovation centres.

## Committee of the Regions

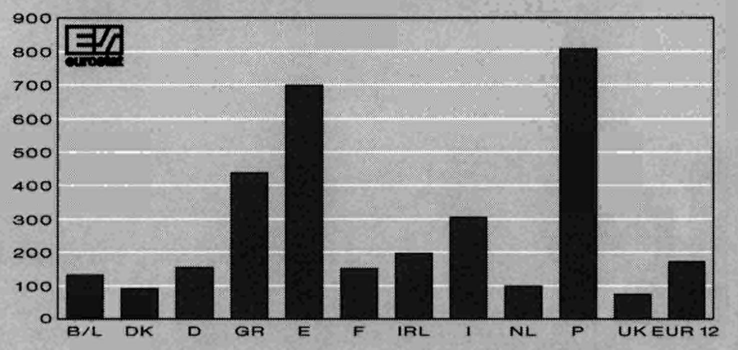
Besides its economic aspect, action taken by the European Union in the regions is becoming increasingly political, a fact reflected in the setting up of the Committee of the Regions. This new body, which was established under the Maastricht Treaty, witnesses to the place of local authorities in the institutional system of the Union.

The Committee, which consists of representatives of regional and local authorities (mostly elected representatives), must be consulted on five Community policies — education, culture, public health, trans-European networks (transport, telecommunications, energy) and economic and social cohesion. On its own initiative, it may give opinions on other policies. It will convey the general views of local authorities to the Commission and the Council when Community decisions are being prepared.

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

# Advertising in the European Union

*Changes in advertising expenditure between 1981 and 1992 (%)*




## Advertising expenditure

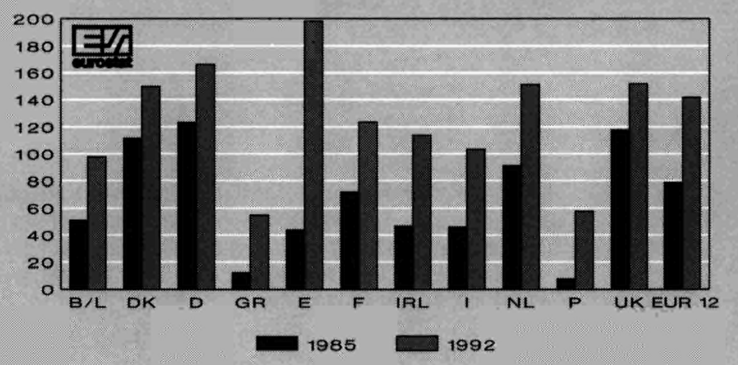
Since 1981, advertising expenditure in the European Union has gone up and up. In 1992, however, expansion in the sector slowed because of the recession. In 1992, as in 1981, Germany was in first place as regards total advertising expenditure, followed by the United Kingdom. Over the period, however, it was Portugal which saw the strongest growth in publicity expenditure, with a rise of 800%, ahead of Spain (700%) and Greece (400%).

**Publicity expenditure at current prices, 1981 and 1992 (million ECU)**

| | B/L | DK[1] | D | GR | E | F | IRL | I | NL | P | UK | EUR 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1981 | 400 | 428 | 5 334 | 105 | 974 | 2 857 | 137 | 1 446 | 1 157 | 59 | 5 024 | 17 921 |
| 1992 | 925 | 817 | 13 517 | 564 | 7 777 | 7 135 | 406 | 5 858 | 2 305 | 536 | 8 722 | 48 567 |

[1] Estimated figure for 1992.

*Per capita advertising expenditure, 1985 and 1992 (ECU, at current prices)*



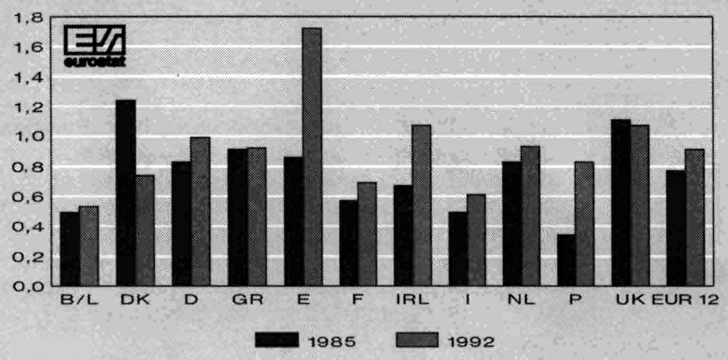

## Per capita breakdown

Publicity expenditure in the European Union in 1992 was some ECU 141 per head of population. It was Spain which came first in terms of per capita advertising expenditure, followed by Germany and the United Kingdom. In 1985, Germany, the United Kingdom and Denmark had the highest advertising expenditure per head, with figures in excess of ECU 100.

**Per capita advertising expenditure (ECU, at current prices)**

| | B/L | DK | D | GR | E | F | IRL | I | NL | P | UK | EUR 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1985 | 51 | 111.5 | 123.1 | 12.3 | 43.7 | 71.9 | 46.6 | 45.9 | 91 | 7.7 | 117.7 | 78.5 |
| 1992 | 97.6 | 149.6 | 166.1 | 54.9 | 198.0 | 123.6 | 113.8 | 103.3 | 151.2 | 57.6 | 151.6 | 141.0 |

*Advertising expenditure, 1985 and 1992, as % of GDP (at market prices)*




# Share of GDP devoted to advertising expenditure

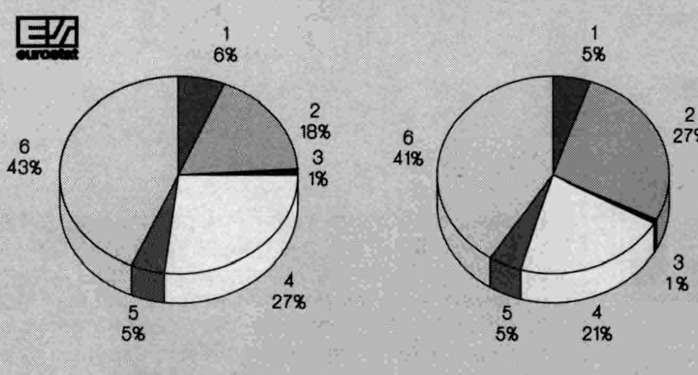
Apart from Denmark (1.24%) and the United Kingdom (1.11%), in 1985 the members of the European Union had less than 1% of their GDP devoted to advertising expenditure. In 1992, the United Kingdom (1.07%), Spain (1.72%) and Ireland (1.07%) devoted more than 1% of their GDP to advertising, while the figure in Denmark was only 0.74% of GDP.

**Advertising expenditure as % of GDP (at market prices)**

| | B/L | DK[1] | D | GR | E | F | IRL | I | NL | P | UK | EUR 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1985 | 0.49 | 1.24 | 0.83 | 0.91 | 0.86 | 0.57 | 0.67 | 0.49 | 0.83 | 0.34 | 1.11 | 0.77 |
| 1992 | 0.53 | 0.74 | 0.99 | 0.92 | 1.72 | 0.69 | 1.07 | 0.61 | 0.93 | 0.83 | 1.07 | 0.91 |

[1] Estimated figure for 1992.

*Breakdown of advertising expenditure by medium, 1980 and 1991 (EUR 12)*




1 = billboards/transport; 2 = TV; 3 = cinema; 4 = magazines; 5 = radio; 6 = newspapers

# Advertising expenditure by medium

The relative importance of the media varies considerably across the European Union. The main medium in 1992 was magazines in France (26.4%), newspapers in Denmark (63.3%) and in Ireland (64.4%), and television in Greece (54.2%) and in Italy (46.7%). In the European Union as a whole, newspapers were the medium most widely used for advertising in 1991. It is television which has benefited from the drop in advertising expenditure directed at magazines.

**European advertising expenditure by medium (million ECU)**

| | Newspapers | Magazines | TV | Radio | Cinema | Billboards/transport |
|---|---|---|---|---|---|---|
| 1980 | 6 531 | 4 020 | 2 662 | 690 | 153 | 945 |
| 1991 | 18 596 | 9 663 | 12 328 | 2 097 | 306 | 2 476 |

## INTERNAL MARKET: PROBLEMS OF RECOGNITION

In several European Union countries, the implementation of the principle of the mutual recognition of legally made products leaves something to be desired as regards those sectors for which there is no European 'law' providing for harmonization. What is more, in these same sectors Member States very often tend to adopt their own technical standards. These were among the main problems raised by firms — and SMEs in particular — during the 'internal market weeks' organized successively in Ireland, Spain, Britain and France between the end of October and mid-November. As for the public, it took full advantage of the telephone lines that had been specially installed to satisfy their curiosity, whether for buying a car in another EU country or for the mutual recognition of diplomas and vocational qualifications. Organized by the European Commission and national or regional authorities in all EU countries, the last of these 'weeks' should take place early in December.

## ● Crossborder payments: covered by law?

Given the unpromising situation revealed by an independent survey (see No 9/94), the European Commission proposed to the EU Council of Ministers, on 19 October, a 'law' that would require banks to facilitate crossborder payments. The banks, thus, would have to meet payment deadlines, not debit costs to both payer and payee, reimburse payment orders that could not be executed, and indicate clearly costs and payment times. The Commission at the same time has asked the banks to apply these principles, without waiting for the Council to adopt the proposed legislation.

## ● Simplifying VAT still further

In order to simplify VAT formalities for businesses that sell or do work in a European Union country in which they do not have a commercial establishment, the European Commission asked Member States, on 4 November, to apply a number of principles. To begin with, they should see to it that only one firm is liable for every operation involving VAT and it should be the firm that carries out the operation.
Firms without local offices should be able to use the services of a fiscal attorney under the same conditions as their competitors, based in the country in question. In practice, this simplification should be of help particularly to companies that engage in crossborder sales to the public and those engaged in transport operations, building works or cultural, sporting or scientific activities.

## ● Statutory charges are still too high

The statutory charges on labour firms must meet — taxes and social security contributions — have certainly fallen since 1993 in most European Union countries; but they remain too high to make a marked difference to unemployment levels. This is the main conclusion of a report submitted by the European Commissioner for taxation, Mrs Christiane Scrivener, on 4 November. Since 1993 charges on labour have fallen by some ECU 30 billion a year, equivalent to 0.5% of the EU's gross domestic product (GDP). However, this is far below the level of relief envisaged by the European Commission's White Paper entitled 'Growth, competitiveness and employment': 1 to 2% of GDP. In the Union, the statutory charges on labour are higher than in the USA by 20% on average; the difference with Japan is 35% on average.

## ● For a 'greener' economy

If the European Union economy is to become more environment-friendly, much greater reliance must be placed on market mechanisms, in preference to new EU legislation. This is the position adopted by the European Commission in a document it submitted to the EU Council of Ministers and European Parliament on 3 November. The Commission suggests an examination of all national tax systems and fiscal stimulants, in order to uncover the measures that encourage activities harmful to the environment, and to eliminate them if possible. The Commission next reaffirms that 'ecological' taxes are fully justified, a good example of such a tax being its own proposal for a tax on carbon dioxide ($CO_2$). Such taxes, in the Commission's view, would make it possible to finance a reduction in the execessive charges on labour (see above).

## ○ BRIEFLY

The European Commission proposed to the Council and the European Parliament on 23 November an action programme aimed at promoting the **single market in mobile communications**, and in mobile telephones in particular.

On 21 November, the European Transport Commissioner, Marcelino Oreja, and the German, Austrian and Italian transport ministers signed a **memorandum on the Brenner route.** The aim is to develop a railway line between Verona and Munich, which would link up with Berlin on the one hand and Milan on the other. This is one of the Union's high-priority projects.

The European Commission published, on 21 November, a *European handbook for guidance counsellors,* containing information for each EU country on its educational and vocational training systems, on the one hand, and career guidance services, on the other. The handbook, which also provides basic information on the various contact bodies in each country, has been sent to all professional guidance centres throughout the Union.

## ► The Swedes say 'yes' to the European Union

The outcome of the referendum held on 13 November was a clear majority in favour of joining the European Union: 52.2% of the Swedes voted 'yes', 46.9% 'no', while 0.9% cast blank votes. The rate of participation was a high 82.4%. The Swedish Parliament is expected to ratify the Accession Treaty this month, given that all the political parties had agreed to respect the wishes of the people. Sweden therefore joins the Union on 1 January 1995, at the same time as Austria, which held its referendum on 12 June 1994, and Finland (see below).

## ► Finnish MPs ratify entry into the EU

On 18 November, the 200 members of the Finnish Parliament ratified the country's entry into the European Union by 152 votes to 45. This was more than the two thirds required under the country's Constitution. Voting, which took place after the Swedish referendum, confirmed Finland's entry into the Union, the Finns having supported entry during a referendum held on 16 October. Parliamentary ratification, which should have taken place before the Swedish referendum, had been postponed as a result of the efforts of opponents to entry. Numerous observers feared, at the time, that were the Swedes to vote against joining the Union, the Finnish Parliament would follow suit. The inhabitants of the Aaland Islands, who were entitled under the Accession Treaty to organize their own referendum, also voted in favour of joining the Union. In a referendum held on 20 November as many as 74% voted in favour of entry and 26% against it.

## ► The Norwegians say 'no' to the European Union

The Norwegians turned down membership of the European Union for the second time. In a referendum held on November 28, 52.2% of those taking part voted against joining the Union, as compared to the 47.8% of 'yes' votes. The Norwegian Government had negotiated the country's accession at the same time as the Governments of Austria, Finland and Sweden. During the 1972 referendum, 53% of those taking part had voted against membership. Norway, together with Iceland, remains a member of the European Economic Area, which links them to the Union as regards the free movement of workers, goods, services and capital.

## ◆ Improving relations between SMEs and banks

Set up in July 1993, on the initiative of the European Commission, the Round Table of banking personalities was given the task of drawing up proposals designed to make it easier for small and medium-sized enterprises (SMEs) to borrow from banks. The Round Table, which brought together representatives of financial institutions, the SMEs and craft industry, submitted its report in May 1994. The European Commission responded to the Round Table's recommendations at the end of October. It favours a joint effort, at both the national and Community level, to improve the financing of SMEs. It should be pointed out that this is one of the seven priority areas of the Union's initiative in favour of SMEs. The Round Table noted that ever-increasing delays in payment were one of the main reasons why SMEs were facing financing problems. Following the widespread consultations launched in 1992, the Commission made a recommendation to the Member States on 30 November regarding delayed payments in commercial transactions. It called on them to improve their legal framework, in order to encourage buyers to meet agreed payment dates.

## ◆ Towards a capital market for SMEs

For far too long, numerous small and medium-sized enterprises (SMEs), which are both innovative and have good potential for growth, have had their development hampered because of a shortage of long-term capital. It is necessary, therefore, to support the development of a capital market for SMEs that is sufficiently active and liquid. In order to encourage a growing number of SMEs to allow the public to subscribe to their capital, the European Commission decided last May to support a study of the European Venture Capital Association (EVCA), aimed at evaluating the feasibility of a European capital market serving SMEs. In recent months, interest in such an initiative has risen considerably, and it led to the creation in London, on 14 November, of the European Association of Securities Dealers. Its aim is to make it easier for SMEs to have access to capital markets, at both the national and European level. The Association is studying the possibility of setting up a European capital market aimed at SMEs and organized along the lines of the American Nasdaq. It should become operational in January 1996.

## ◆ Promoting technological cooperation

The aim of the Euromanagement R&TD II pilot project is to encourage more innovative SMEs to take part in the activities organized in the context of the fourth framework programme for research (1994-98), which cofinances projects involving companies and research institutes according to their technological level and crossborder nature. The pilot project is cooperating with 50 selected consultancy bodies. These Euromanagement consultants will help some 1 000 SMEs based in EU countries to clarify their policies in the field of research and technological development, analyse the role of research in their long-term strategies, and decide if it is in their interest to take part in the tenders launched under the fourth framework programme. The pilot project should result in some 100 to 150 European research projects, each of them to be carried out jointly by five SMEs on average. Swedish, Austrian and Finnish SMEs can take part in the pilot project. A budget of ECU 2.5 million will enable the European Commission to finance 50% of the total cost of the help provided by the Euromanagement consultants to SMEs.

## ◆ Euro-Info Centres: an annual conference and publicity campaign

The network of Euro-Info Centres, set up in 1987 by the European Commission with the aim of providing SMEs with information on the single market, has some 210 members today. They are to be found in the enlarged, 15-nation European Union as well as in Norway and Iceland. The network also includes 14 correspondence centres in the following countries: Poland, the Czech Republic, Hungary, Bulgaria, Slovenia, Switzerland, Malta, Cyprus, Turkey, Morocco, Tunisia, Israel and Jordan. The Euro-Info Centres are located within existing bodies, active at the regional level, such as chambers of commerce, trade and professional organizations, development agencies and banks. The Euro-Info Centres have set up more than 4 000 contact points, and are therefore well placed to provide a better information flow to firms at both the regional and local level. Their services are tailor-made for SMEs in such key areas as quality, the environment, research, government procurement and VAT. To assess results to date and debate future guidelines for the network, the heads of the Euro-Info Centres met in Florence, from October 27 to 29, at the invitation of the European Commission. The theme of this fifth annual conference was the role of Euro-Info Centres in the implementation of the integrated programme in favour of SMEs. Plenary sessions, panel discussions and a variety of working groups gave participants an opportunity to sketch out the activities of the Euro-Info Centres for the coming year, when the focus will be on ensuring that the information is of high quality and directly operational, and the best practices are more widely shared among all involved in the network. It is equally important that the Euro-Info Centres take full advantage of the dynamism generated by the information market. This means that a good deal of thought must be given to the services to be provided in future by the Euro-Info Centres and their tools for communication. The Centres could usefully contribute to the realizations in a number of pilot areas, including teleworking, distance learning, information technology for SMEs and the diffusion of tender announcements. In mid-November 1994, a new publicity campaign was launched to promote Community instruments designed to help businesses. Advertisements appearing in numerous newspapers published in the Member States enabled managers of SMEs to write off to the nearest Euro-Info Centre for a brochure giving information on Community instruments in the fields of information, cooperation and finance. A similar campaign, aimed at the EFTA countries, takes place, at their request, at the beginning of 1995.



European Commission
Directorate-General 'Information, Communication, Culture and Audiovisual Media' and Directorate-General for Enterprise Policy, Distributive Trades, Tourism and Cooperatives, Rue de la Loi 200 — B-1049 Brussels

OFFICE FOR OFFICIAL PUBLICATIONS OF THE EUROPEAN COMMUNITIES

L-2985 Luxembourg

Catalogue number: CC-AI-95-001-EN-C