



# A Community policy for rural development

by Franz Fischler, Member of the European Commission

The European Union is paying particular attention to the countryside and its problems in the framework of the 1992 agricultural reform programme. With their diversity, the Union's rural areas form an indispensable part of the prosperous and densely populated regions of Europe. It is a question, therefore, of maintaining the pattern of rural settlements inherited from the past — not with the aim of preservation but rather of development, within the framework of a forward-looking strategy, corresponding to present-day needs, and with autonomous development as its goal.

## Going well beyond farm policy

The aim is an independent policy, one which takes into account all aspects of rural life — economic, social and cultural. Which is why it goes well beyond agricultural policy.

Rural areas continue to have many weaknesses. They include an incomplete network of transport and other infrastructure, and an inadequate supply of social and other services, particularly in the field of specialized medicine. In addition, rural populations generally lack opportunities for training, both initial and continuing. But the countryside also has its assets. It is attractive both to live and to relax in; it offers an oasis of tranquillity to compensate for the stresses of daily life.

Hence the need to eliminate gradually the weaknesses of rural areas by means of a coherent policy. It is necessary to preserve, develop and consolidate viable rural communities and regions. Measures need to be taken to this end in the agricultural sector — to strengthen, for example, the production, marketing and processing sectors; promote quality products, along with regional systems which allow producers to put their products up for sale themselves. It is equally necessary to make farmers more competitive and to stimulate reafforestation and rural tourism. Simply supporting farmers is not enough, however; it is necessary to involve other sectors in order to create jobs, a better quality of life, employment and, ultimately, prosperity.

## Supporting SMEs, trade and craft industry

This multisectoral approach must be our starting point. The most varied sectors must benefit from the consolidation which is envisaged. The EU's projects include support for SMEs, trade and craft industry as well as environmental protection. Reinforcing and strengthening cooperation between the various economic sectors should make rural areas competitive on a long-term basis. In addition, it is necessary to promote the setting-up of new enterprises and to develop the opportunities available to people living in rural areas for both initial and continuous training.

The European Union will make available some ECU 30 million for investments aimed at developing rural areas over the 1994-99 programming period. The EU has dealt with the financial aspect of the development programmes; but the active participation of the people living in rural areas, and the businesses which are established there, is needed to bring about change. A prior condition to the success of these programmes is the concrete application of the principles of subsidiarity, transparency and citizens' proximity. Rural areas, and the people living in them, are obliged to conceive their projects themselves to a large extent. This is the only way in which really significant projects, which contribute to the solution of local problems, can be finalized.

SMEs established in rural areas are also included in the support programmes. These provide for the modernization of SMEs, particularly through the introduction of new technologies and the application of the results of technological research, to begin with. But the support programmes are also aimed at strengthening the competitiveness of SMEs through more effective marketing, quality improvements and advice on commercial and economic matters. However, in the same way as the rural population, company managers must come forward with their own ideas, in order to ensure the best results for their enterprises.

We are facing major challenges in the area of regional policy. The aim of Community policy is to introduce measures which support an autonomous and forward-looking development of the countryside. Ideally, this development should lead to the energization of the areas in question.

### ■ Signposting the European currency

The road to the European currency has now been signposted. The Heads of State or Government of the European Union did more than choose a name for the new currency — the 'Euro' — at the European Council, held in Madrid on 15 and 16 December 1995. They also drew up a timetable, marking the procedure founded on the Treaty on European Union. To begin with, the Heads of State or Government will decide 'as soon as possible' in 1998, on the basis of the statistics for 1997, which EU countries will be able to take part in the third phase of economic and monetary union. This will begin on 1 January 1999, when the conversion rates between the participating currencies, and between them and the Euro, will be fixed once and for all. On that date the European Central Bank will start operating and the official basket of currencies making up the present ecu will disappear. Ecus will be converted into Euros on a 1-to-1 basis. On 1 January 2002 at the latest, Euro notes and coins will be put into circulation, alongside the notes and coins of the Member States. The latter will no longer be legal tender within six months at most of the introduction of Euro notes and coins.

### ■ Community trade mark now available

Since 1 January 1996 companies wanting to register Community trade marks can apply to the Office for Harmonization in the Internal Market, located in Alicante (Spain). This follows the adoption by the European Commission on 22 December 1995 of the two regulations needed for the system of Community trade marks to come into force. The first of them covers rules of procedure, the second the taxes which must be paid. Thanks to the new system, companies must no longer apply for registration in the various EU countries. Community trade marks enjoy the same level of protection throughout the EU, and are subject to the same rules in all EU countries. This does not mean the disappearance of national trade marks. Applications to register Community trade marks must be sent to the Office for Harmonization in the Internal Market (trade marks, designs and models), Avenida de Aguilera 20, E-03080 Alicante, Spain, tel. (34-6) 513 91 00; fax (34-6) 513 91 73.

### LEONARDO: VOCATIONAL TRAINING AND SMEs

The European Leonardo programme, aimed at encouraging vocational training, for jobs with SMEs in particular, was effectively launched on 14 December, when the European Commission unveiled the first projects it had selected. There are 749 of them, and each project brings together several companies and institutes from the countries belonging to the European Economic Area — the 15 EU countries, Iceland, Liechtenstein and Norway. The projects will share ECU 89.7 million (ECU 1 = UK£ 0.84 or IRE 0.82) among themselves, out of a total of ECU 620 million which is being provided by the EU for the five-year programme (1995-99). SMEs account for 21% of the participants in the first series of projects; other participants include training bodies, trade unions, professional organizations and public administrations.

### ■ No discrimination in football

The ban on discrimination based on nationality, a key principle of the European Union, is equally valid when it comes to professional football. In a ruling which it handed down on 15 December the European Court of Justice held that any lim-

itation on the number of 'foreign' players, nationals of an EU country and fielded by a European club, is contrary to the EC Treaty. For the Court, restrictions based on nationality are valid only in the case of matches between national teams. The Court also held that the transfer system, involving the payment of a sum of money to the club to which the player under transfer belonged, is contrary to the EC Treaty when the two clubs in question are in different EU countries. The Court's involvement in European football came about through a case involving the Belgian footballer Jean-Marc Bosman, who had entered into a contract to play in France. The European Court's ruling has an immediate and direct effect, as was underlined by Pádraig Flynn, the European Commissioner for social affairs.

### ■ An eco-label for light bulbs

First washing machines, dishwashers, toilet paper, kitchen rolls, laundry detergents and soil improvers; now a seventh category of products can obtain the European Union's eco-label — single-ended light bulbs. The European Commission adopted on 5 December 1995 the ecological criteria for awarding the label to single-ended light bulbs, the type most widely used in homes. The criteria favour bulbs which use little electricity, notably compact fluorescent lamps. Manufacturers awarded the eco-label can display the corresponding logo on their products — a flower with 12 stars for petals and the EU's 'E' in the middle. For more information on the eco-label, contact Mr Mark Moys at the European Commission (DG XI-E-4), tel. (32-2) 299 03 24; fax (32-2) 295 56 84.

### □ BRIEFLY

Europeans working in the **audiovisual programmes** sector are entitled to financial help with vocational training from 1 January 1996, thanks to the MEDIA II programme, which the EU Council of Ministers adopted definitively on 22 December 1995. A total of ECU 45 million will be available under the programme, over a five-year period. It will be used to fund training in management and the new technologies, in-house training and the establishment of a network of European training institutes.

The new measures regarding the **health and safety of workers when using machinery and other work equipment** will come into force in December 1998. The EU Council of Ministers adopted a directive on 5 December 1995 which sets out safety requirements for mobile equipment, including equipment used for lifting loads, especially fork-lift trucks. The text deals particularly with the stability of mobile equipment and equipment that can be dismantled.

The European Commission announced on 21 December 1996 that it had **approved 225 projects** in the four less prosperous EU countries — Greece, Ireland, Portugal and Spain — **to be financed by the Cohesion Fund**. A total of ECU 2.15 billion has been allocated to these projects, 51.4% of it for transport equipment and 48.4% for environmental protection. Meanwhile, the Commission decided on 20 December to examine this spring just how far Greece, Spain and Portugal are meeting the objectives as regards government deficits; if the levels set have been exceeded, the Commission will suspend aid from the Cohesion Fund.

From 1 October 1997 the **low-powered diesel engines which equip commercial vehicles** will have to conform to the anti-pollution standards regarding particulates which apply to other diesel engines since 1 October 1995. The EU Council of Ministers adopted definitively a derogation along these lines on 22 December 1995. The Council decided on 18 December to bring the anti-pollution standards for light commercial vehicles into line with those for passenger cars for the year 2000. This particular Council decision must now be examined by the European Parliament.

The EU Council of Ministers adopted definitively on 18 December 1995 a regulation which provides for **administrative sanctions — particularly fines — for those who defraud the European Union**. The regulation covers all Community policies and sets out European definitions for the various types of fraud.

The **Fifteen** will put a stop, from 31 October 1996, to some of the current uses of **pesticides**, in order to ensure that producers meet the limiting values for pesticide residues contained in plants, especially fruits and vegetables.

# THE EURES NETWORK SPEARHEAD OF THE EUROPEAN EMPLOYMENT MARKET

For a year, EURES has been providing a free personalized service to find a job in another Member State of the European Economic Area.

The free movement of workers is one of the basic principles underlying the European Union since its inception. It is enshrined in Article 48 of the Treaty of Rome and it includes the right to 'accept offers of employment actually made' in all Member States and the right to move freely for this purpose. The definition of this principle has been amply expanded in the case-law of the Court of Justice.

One requirement for giving real effect to the right to free movement is to set up 'appropriate machinery to bring offers of employment into touch with applications for employment' (Article 49(d) of the Treaty). This was the Commission's priority objective when, on 17 November 1994, it launched the EURES network (European employment services), in conjunction with various partners: all the national employment services in the Member States of the European Union, in Norway and Iceland; eight cross-border partnerships grouping government departments, trade unions and employers' organizations, and the first European universities which have established the post of 'Euro-adviser'. The operating rules for EURES were laid down in Decision 93/569/EEC of 22 October 1993.

## A network of 450 Euro-advisers

The main innovation and the primary strength of EURES is that it is based on the cooperation of some 450 Euro-advisers distributed throughout national employment departments, inter-regional trade unions or employers' organizations represented on the cross-border committees and 16 universities more recently integrated into this structure. These Euro-advisers receive a special basic training and continuing training organized under the auspices of the European Commission and financed by it. Their task is to inform and advise candidates for mobility as well as employers who intend to recruit at European level; Euro-advisers can also carry out and support transnational placement operations.

## A precursor of a European labour market and a tool to combat unemployment

The task of EURES is to encourage as far as possible the emergence of a true European labour market by providing a personalized service for candidates for professional mobility and for firms which wish to extend their recruitment beyond borders. In this, EURES has a dual aim: to act as a European employment agency whose role is to inform, advise and place job-seekers throughout Europe or to guide employers looking for employees; to provide a forum for examining European employment matters.

While pursuing objectives of Community integration EURES wishes to respond to the requirements of European workers

and employers who want a tool to enable them to take full advantage of the huge potential which a true European labour market could present in the fight against unemployment and in increasing economic dynamism in the Union.

## Structures for the exchange of information

The network of Euro-advisers deployed since the start of EURES is an irreplaceable means of communication. But this network must be supported by effective technical means. Within this network, managed by the European Coordination Office in the Commission, detailed information circulates relating to job offers, living and working conditions or regional labour markets. This information is disseminated essentially by the network's two databases.

- The first of these databases is fed directly by the Euro-advisers. The very detailed job offers which it contains make it possible to establish the profile of the ideal candidate. These offers can be sent either to all the members of the network or to a few Member States only. Once they arrive at their destination, they can be consulted by everyone with the help of a Euro-adviser. During the first 10 months following the launch of EURES, over 4 000 job offers were put out over the network and processed by the Euro-advisers; on top of this there were innumerable spontaneous requests made by workers wanting to go abroad without having received a specific job offer.
- In order to help persons who want to go abroad, the Euro-adviser can, through the second EURES database on living and working conditions in each Member State, provide a myriad useful details about the future occupation and on settling in the chosen host country: administrative formalities linked to expatriation, the cost of living, the tax system, holidays, methods of concluding a work contract or a lease, sickness benefits, schooling ...

In the near future, a third part of this base will have detailed information about the trends on all the regional labour markets throughout the Union. EURES should thus improve significantly the quality of the service it can offer to people looking for work abroad, by steering them away from regions where labour is not lacking and guiding them rather towards areas where there are some shortages of labour. Co-managed by a network of national experts appointed by each national public employment service, the EURES base on living and working conditions and regional labour markets endeavours also to serve as a tool for communication between Euro-advisers and a bridge to other networks of experts: when confronted with a very difficult question the Euro-adviser will thus be able to call rapidly on the help of a more competent colleague or a more specialized body.

## Cross-border relays

Within this network, the Commission has also encouraged the setting-up of cross-border groups. Last October they numbered eight, but several new projects are in the offing. Situated in areas straddling the Community's internal borders where there is a high degree of professional mobility, they are meeting points for the regional labour departments and the social partners. They also constitute a very effective way of using local pools of labour and thus form nuclei of European integration.

In addition to the general duties which they undertake in the same way as the other partners in the network, the cross-border groups have the special task of promoting the exchange of information on vocational training and facilitating cooperation on labour market problems through the links which can be forged on either side of the border between the partners concerned.

## EURES : useful addresses

### BELGIUM

#### FOREM

Boulevard Tirou 104  
B-6000 Charleroi  
Tel. (32-71) 20 61 11  
Fax (32-71) 20 62 99

#### ORBEM

Boulevard Anspach 65  
B-1000 Bruxelles  
Tel. (32-2) 505 14 11  
Fax (32-2) 511 30 52

#### VDAB

Keizerslaan 11  
B-1000 Bruxelles  
Tel. (32-2) 506 15 11  
Fax (32-2) 512 24 74

### DENMARK

Arbejdsmarkedstyrelsen  
Blegdamsvej 56  
DK-2100 København  
Tel. (45) 35 28 81 15  
Fax (45) 35 36 24 11

### GERMANY

Bundesanstalt für Arbeit  
Regensburger Straße 104  
D-90478 Nürnberg  
Tel. (49-911) 179 20 76  
Fax (49-911) 179 33 44

Bundesverwaltungsamt  
Marzellenstraße 50-56  
D-50728 Köln  
Tel. (49-221) 758 27 42  
Fax (49-221) 758 27 68

## Cross-border coordinators

### H. R. Meijer

Euregio  
Enscheder Straße 362  
D-4432 Gronau  
Tel. 49/2562/702-0  
Fax 49/2562/1639

### H. M. Werth

Isoplan  
Martin-Luther Straße 20  
D-66111 Saarbrücken  
Tel. (49-681) 93 64 60  
Fax (49-681) 936 46 11

### GREECE

#### OAED

Rue Ethnikis Antistasis 8  
PO BOX 77017  
GR-16610 Glyfada  
Tel. (30-1) 994 24 66  
Fax (30-1) 993 70 84

### SPAIN

Instituto Nacional de Empleo  
(INEM)  
Condesa de Venadito, 9  
E-28027 Madrid  
Tel. (34-1) 585 98 88  
Fax (34-1) 585 97 53

### FRANCE

#### ANPE

4, rue Galilée  
Immeuble Le Galilée  
F-93198 Noisy-le-Grand Cedex  
Tel. (33-1) 49 31 77 12  
Fax (33-1) 43 03 13 47

#### APEC

51, boulevard Brune  
F-75689 Paris Cedex 14  
Tel. (33-1) 40 52 20 00  
Fax (33-1) 45 39 63 60

#### OMI

44, rue Bargue  
F-75732 Paris Cedex 15  
Tel. (33-1) 53 69 53 70  
Fax (33-1) 53 69 53 69

### IRELAND

FAS — Training and Employment Authority  
27-33 Upper Baggot Street  
Dublin 4  
Ireland  
Tel. (353-1) 668 57 77  
Fax (353-1) 660 90 93

### M. L. Frederix

RBA Zuid-Limburg  
Bassin 184  
6211 AL Maastricht  
Nederland  
Tel. (31-43) 28 11 11  
Fax (31-43) 25 26 33

### M. Ferraro

Ministero del Lavoro  
Viale Mazzini, 14/C  
I-10036 Settimo Torinese  
Tel. (39-11) 800 07 80  
Fax (39-11) 800 33 36

## Closer links with other Community initiative programmes

Lastly EURES also wants to take advantage of the human structure developed to encourage transnational partnerships under Community initiatives financed by the Commission (ADAPT and Leonardo in the field of vocational training); some partnerships are already under way.

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By facilitating transnational recruitment and presenting what has already been done at that level, EURES aims to eliminate the structural barriers on the European labour market. A list of useful addresses where more details can be obtained about the services available is given below.

### ITALY

Ministero del Lavoro e della Previdenza Sociale  
Via Flavia, 6  
I-00187 Roma  
Tel. (39-6) 46 83 23 40  
Fax (39-6) 47 88 71 74

### LUXEMBOURG

Administration de l'emploi du Luxembourg (ADEM)  
38A, rue Philippe II  
L-2340 Luxembourg  
Tel. (352) 478 53 00  
Fax (352) 46 45 19

### NETHERLANDS

Arbeidsvoorziening  
Visseringalaan 26  
Postbus 415  
2280 AK Rijswijk  
Nederland  
Tel. (31-70) 313 07 24  
Fax (31-70) 313 06 30

### AUSTRIA

Arbeitsmarktservice  
Treustraße 36-43  
A-1200 Wien  
Tel. (43-1) 33 32 05 93 14  
Fax (43-1) 33 32 05 91 30

### PORTUGAL

Instituto do Emprego e Formação Profissional (IEFP)  
Departamento do Emprego EURES  
Xabregas, 56  
P-1900 Lisboa  
Tel. (351-1) 868 05 75  
Fax (351-1) 868 68 43

### FINLAND

Ministry of Labour Finland  
Fabianinkatu 32  
PO Box 524  
FIN-00100 Helsinki  
Tel. (358-0) 185 62 55  
Fax (358-0) 18 56 90 50

### SWEDEN

Arbetsmarknadsstyrelsen  
Sundbybergsvägen 9  
S-17199 Solna  
Tel. (46-8) 730 68 57  
Fax (46-8) 735 57 09

### UNITED KINGDOM

Employment Service  
Rockingham House  
123 West Street  
Sheffield S1 4ER  
United Kingdom  
Tel. (44-114) 259 63 06  
Fax (44-114) 259 57 24

### ICELAND

Ministry of Social Affairs  
Trytgwagata, 17  
IS-150 Reykjavik  
Tel. (354-5) 88 25 00  
Fax (354-5) 24 18 04

### NORWAY

Arbeidsdirektoratet  
Mariboes Gate 8  
N-0032 Oslo  
Tel. (47-2) 294 24 92  
Fax (47-2) 211 16 80

### M. Fabrice Coulon

Chambre de commerce et d'industrie du Luxembourg  
Grand-Rue 1  
B-6800 Libramont  
Tel. (32-61) 22 26 80  
Fax (32-61) 22 40 20

### M<sup>me</sup> Annika Leunis

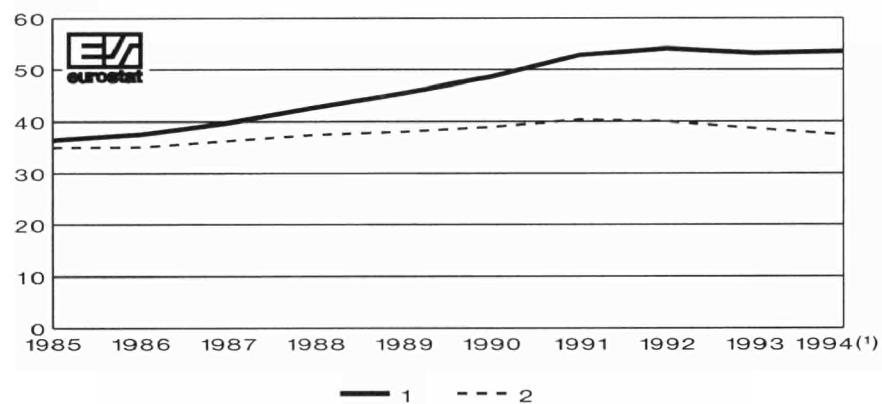
FOREM — Relations internationales  
Boulevard Tirou 104  
B-6000 Charleroi  
Tel. (32-71) 20 61 11  
Fax (32-71) 20 61 98

## Research and development in the European Union

**ECU 53 billion**  
('000 million) spent on  
research and development  
in the 15-member  
European Union, 1993

Budgeted public spending on R&D in the 15-member EU for 1994 totalled ECU 53.573 billion. The table shows that the decline in public spending on R&D in the 15-member EU, as expressed in constant prices and SPP, began in 1991, a year before the change in the exchange value of the ecu.

Public budget spending on R&D in the 15-member European Union



1 = Ecu at current prices and exchange rates; 2 = SPP at 1985 prices.

### Total budgeted public spending on R&D (in billion ecu at current prices and exchange rates)

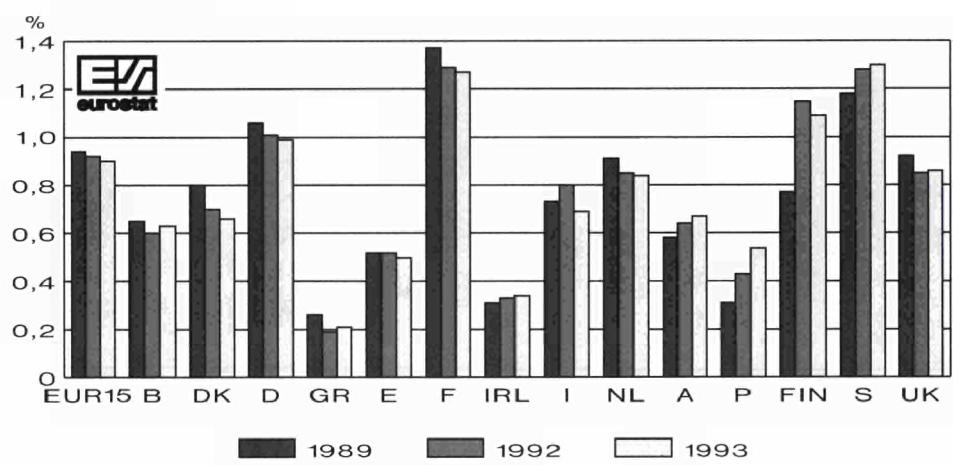
	EUR 15	B	DK	D	GR	E	F	IRL	I	NL	A	P	FIN	S	UK
1992	54 103.6	1 018.0	764.3	15 394.6	142	2 321.1	13 196.6	130	7 565.4	2 103.4	918.7	313.3	945.8	2 451.2	6 839.2
1993	53 217.7	1 137.1	757.3	16 148.5	160.1	2 051.5	13 584.0	139.2	5 845.5	2 206.7	1 049.0	392.6	782.4	2 057.7	6 906.1
1994 <sup>(1)</sup>	53 572.8	1 208.3	813.1	16 446.0	180.2	1 889.5	13 690.9	125.5	5 411.4	2 182.0	1 151.5	344.3	835.1	2 046.8	7 248.1

<sup>(1)</sup> Provisional data.

**0.9% of GDP spent on re-  
search and development in  
the 15-member European  
Union, 1993**

Budgeted public spending on R&D in the 15-member EU as a percentage of GDP has fallen steadily, from 1% in 1985 to 0.9% in 1993. Public spending in 1993 totalled 1.30% of GDP in Sweden and 1.27% in France with Ireland and Greece at the bottom of the table with 0.34% and 0.21% respectively.

Budgeted public spending on R&D (as a percentage of GDP at market prices)



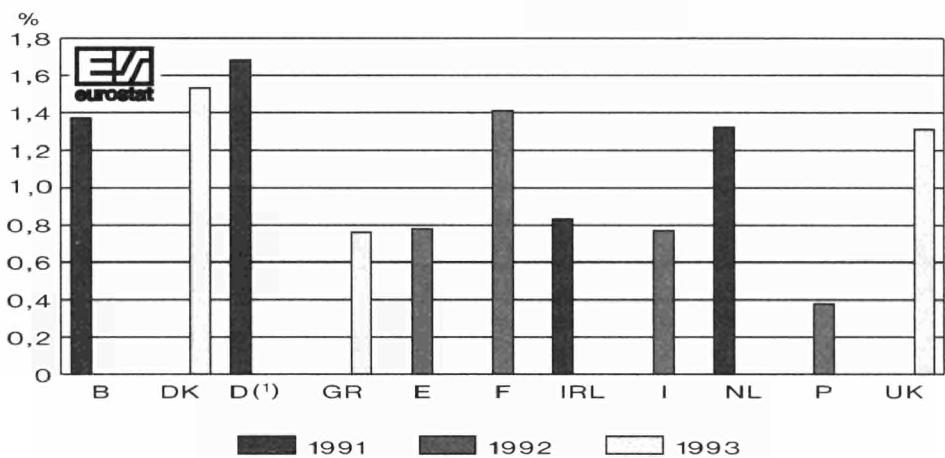
### Budgeted public spending on R&D (as a percentage of GDP at market prices)

	EUR 15	B	DK	D	GR	E	F	IRL	I	NL	A	P	FIN	S	UK
1989	0.94	0.65	0.80	1.06	0.26	0.52	1.37	0.31	0.73	0.91	0.58	0.31	0.77	1.18	0.92
1992	0.92	0.60	0.70	1.01	0.19	0.52	1.29	0.33	0.80	0.85	0.64	0.43	1.15	1.28	0.85
1993	0.90	0.63	0.66	0.99	0.21	0.50	1.27	0.34	0.69	0.84	0.67	0.54	1.09	1.30	0.86

**The number of people employed in R&D increased steadily in most Member States from 1985 to 1993**

The mean annual growth rate (in equivalent full-time jobs) ranges from 4.0% in Denmark (1985-93) to 11.7% in Greece (1989-93). Germany has the highest percentage of the labour force in R&D (1.68% in 1991), followed by Denmark (1.53% in 1993).

Total employees of R&D as a percentage of the labour force



**Total employees of R&D (all sectors, in equivalent full-time jobs)**

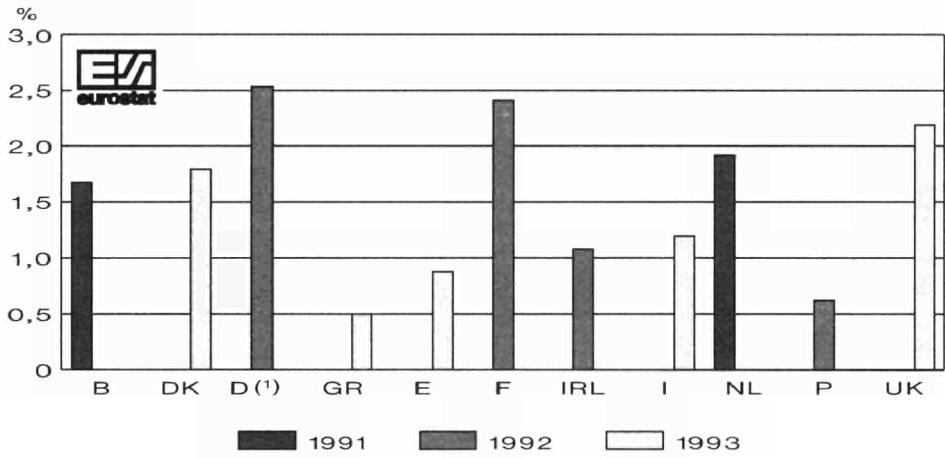
	B	DK	D(1)	GR	E	F	IRL	I	NL	P	FIN	S	UK
1991	40 063	25 756	506 171	10 905	72 405	298 575	8 144	143 641	66 710	:	29 575	53 604	259 000
1992	:	:	:	:	73 320	299 925	8 798	142 855	66 610	13 450	:	:	271 638
1993	:	27 304	:	14 600	:	:	:	:	:	:	30 527	53 565	279 207

(1) Prior to 3 October 1990.

**In all, Germany, France, Italy and the United Kingdom spent ECU 90.3 billion on R&D**

In relative terms, Germany has the record for spending the most money on R&D, with 2.53% of GDP in 1992. France (2.41%, 1992) and the United Kingdom (2.19%, 1993) spent in comparable proportions. Greece and Portugal spent the smallest shares of their GDP on R&D.

Expenditure on research and development as a percentage of GDP



**Expenditure on research and development (in million ecu, at current prices and exchange rates)**

	B	DK	D(1)	GR	E	F	IRL	I	NL	P	FIN	UK
1991	2 654	1 783	36 328	264	3 731	23 388	376	11 516	4 492	:	2 034	17 348
1992	:	:	37 943	:	4 074	24 570	418	11 257	:	460	:	17 599
1993	:	2 067	:	385	3 580	:	:	10 145	:	:	1 594	17 631

(1) Prior to 3 October 1990.

The advance application of the safety code of the International Maritime Organization for roll-on roll-off passenger ferries serving European Union ports will be compulsory by 1 July 1996. A regulation to this effect was adopted by the EU Council of Ministers on 7 December.

In order to allow international oil prices to be monitored, the EU Council decided, by means of a regulation it adopted on 20 December 1995, to re-establish a system for the registration of all imports and deliveries of crude oil. Such a system existed before 31 December 1991, but has now been improved.

In order to assess the internal market in sea transport, the EU Council established, by means of a directive adopted on 8 December 1995, a statistical system which is harmonized and coordinated with existing statistics for other means of transport, including road and rail transport. The new system will cover the transport of both passengers and goods.

On 21 December 1995 Austria, Finland and Sweden signed a convention designed to eliminate, between EU countries, cases of double taxation in the event of corrections to the profits of associate companies.

The European Commission decided on 13 December 1995 to finance studies for projects enjoying priority in the energy sector of the trans-European network. The ECU 12.2 million allocated for this purpose will contribute to the development, interconnection and extension of the networks for the distribution of gas and electricity in Europe.

## INITIATIVES

### ● A Green Paper on innovation

Europeans are relatively more inventive than their American and Japanese competitors, but they take out fewer patents. However, innovation plays a part in both competitiveness and employment. The European Commission feels that the EU's leaders are now aware of the urgency of the problem, and have the political will to implement solutions. It therefore published on 20 December 1995 a Green Paper on innovation which diagnoses the problem and sets out 13 lines of action and no fewer than 130 concrete proposals. The lines of action include monitoring of technological developments, encouraging innovation in research, improving the financing of innovative research, providing tax breaks and encouraging small and medium-sized enterprises to be more innovative.

### ● Stabilizing the range of VAT rates

In order to consolidate the internal market the European Commission proposed to the Fifteen on 20 December measures to stabilize the present range of standard VAT rates within the European Union, which goes from 15 to 25%. The Commission's draft directive proposes that these limits be transformed into obligatory minimum and maximum rates, for a two-year period running from 1 January 1997 to 31 December 1998. The Commission has pointed out that this would make it easier to move to the definitive VAT system, which is envisaged in principle but has yet to be proposed officially by the Commission. Under this system, VAT would be paid in the country of origin in the case of cross-border transactions.

### ● Turning the spotlight on cars

The Community certificate of conformity became obligatory for new vehicles on 1 January 1996. Consequently, it is now easier for the motorist to register a car purchased in another EU country ... as long as the competent authorities play by the new rules. In order to clarify the new situation, the European Commission adopted a communication on 20 December 1995. This makes it clear that the authorities cannot ask for technical checks to be carried out on new vehicles; nor can they discriminate in any way against second-hand cars bought in another EU country. As for verifying the documents submitted for registration purposes, it cannot cost more than

ECU 100 or take more than three weeks. Refusal to register must be duly justified and can result in an appeal.

### ● State aid for research

In an attempt to prevent the EU Member States from engaging in a race to subsidize research, the European Commission proposed guidelines to the Fifteen on 6 December 1995. Broadly speaking, the guidelines favour projects which benefit two categories of firms — SMEs in general and firms that invest in the less-developed regions of the EU — and correspond to the EU's research priorities. In addition, the Commission wants to impose on major projects the obligation to notify it of such aid. This procedure would only apply to projects of over ECU 25 million, which receive State aid in excess of ECU 5 million. SMEs, however, could receive grants to meet the cost of taking out patents.

### ○ BRIEFLY

In order to improve the protection afforded airline passengers in the event of an accident, the European Commission proposed on 20 December 1995 a regulation which would do away with the current limit on compensation of US\$ 10 000. The regulation, which would apply to all flights carried out by Community airlines, would also require the latter to pay compensation within 10 days of an accident, in the event of injury or death.

In publishing its Green Paper on 20 December 1995, the European Commission aimed at launching a public debate on the subject of the true cost of transport, and in particular on the issue of road pricing. The Green Paper, which points out that congested roads cost the EU some 2% of its GDP each year, calls on the Fifteen to look urgently for solutions.

The directive on the responsibility for defective products, adopted in 1985, has facilitated the task of accident victims; but it has not led to an increase in either the number of demands for compensation or the level of insurance premiums in this sector. This is the main conclusion reached by the European Commission in a report adopted on 14 December 1995.

On 14 December 1995 the bodies representing employers' organizations and trade unions at the European level — UNICE (private sector employers), CEEP (public sector enterprises) and ETUC (trade unions) — signed a framework agreement on parental leave. They asked the European Commission to submit the agreement to the EU Council of Ministers, so that it can be written into law for the 14 countries which are parties to the social chapter of the Maastricht Treaty — the Fifteen less the UK.

Following the rejection by the European Parliament of a draft directive on the legal protection of biotechnological inventions, the European Commission submitted a fresh proposal on 13 December 1995. It is a matter of specifying the legal protection in question; the new proposal makes a distinction between an invention — which can be patented — and a discovery — which cannot.

With a view to strengthening the fight against fraud, the European Commission proposed two regulations on 20 December 1995. The first of them provides for controls on the spot whenever payments from the EU budget are involved, the second defines the penal and administrative responsibility of firms.

In order to facilitate the fight against cartels, the European Commission proposed to the Fifteen on 6 December a policy of leniency vis-à-vis companies which expose illegal arrangements. It would amount to lifting or sharply reducing the fines inflicted in principle on these firms, under the terms of the EU's competition rules.

## SEEN FROM ABROAD

### ► Prague and Sofia seek membership

The Government of the Czech Republic adopted on 13 December 1995 an official demand for membership of the European Union. Meanwhile, in the wake of the European Council, held in Madrid in mid-December, the Bulgarian Government indicated it would submit a membership application in due form. Already six countries of Central and Eastern Europe have asked to join the EU since 1994. They are Hungary, Poland, Romania, Slovakia, Latvia and Estonia.

## ◆ Higher growth and employment through changes in behaviour

In a report which it submitted to the Heads of State or Government during the European Council, held in Madrid on 15 and 16 December, the European Commission called on the Fifteen to adopt a new approach, based on priority areas, in order to reinforce the potential of SMEs for growth and job creation. The Member States should first of all implement an ambitious strategy of **administrative simplification**, starting with programmes containing dates and concrete objectives, so as to reduce both the time spent by SMEs on formalities and the cost to them. The Commission, for its part, will redouble its efforts, with a view to reducing the administrative and regulatory constraints imposed on enterprises; it will, in particular, provide for a definitive system of VAT which is less complicated. The Fifteen and the Commission will also see to it that improvements are made to the procedures for consulting the representatives of SMEs, when policies of direct interest to them are drawn up; they will also encourage the full participation of SMEs.

**In order to facilitate the financing of job-creating SMEs** it is necessary to reduce, and then eliminate, the practice of discriminating, for tax purposes, between borrowing to finance an SME and raising share capital. The Commission and Member States should see to it that the creation and operation of a European capital market for SMEs (Easdaq) is facilitated by the elimination of all legal and fiscal obstacles before the end of this year. What is more, an additional ECU 2 billion should be allocated to the Community loan instrument for SMEs, the European Investment Bank; at the same time interest rate subsidies should be granted to SMEs which create employment. The Community budget should provide additional help for small businesses, in the form of guarantees and interest-free loans, extended in particular by the European Investment Fund.

With a view to **promoting research, innovation and training for the benefit of SMEs**, the Commission and Member States should support the establishment of enterprises which make use of new technologies, and ensure increased participation by SMEs in the main EU research and training programmes. In the Commission's view, reducing the non-wage cost of labour, simplifying labour legislation and introducing more flexible working hours will also help SMEs generate employment.

The Fifteen must also introduce **training programmes** and provide infrastructure which takes the special needs of SMEs into account. They could encourage programmes which alternate work and training, promote management training for those setting up new businesses and encourage continuing training in new technologies. The Commission is of the view that the Fifteen should also adopt measures which stimulate managers of SMEs to take training into account when taking investment decisions. Such measures could include tax incentives in favour of training, and a reduction in social security contributions for workers undergoing training. Member States and the European Union should progressively introduce competition in the case of protected markets, and take steps to reduce the distortions resulting from State aid. They should also ensure increased participation by SMEs in public procurement, including cross-border public procurement.

Finally, **helping SMEs to internationalize**, with a view to becoming more competitive, will be one of the main objectives of the programme in favour of SMEs and craft industry (1997-2000),

which the European Commission will put forward this year. It will involve the completion of the single market, better access to information and the creation of information networks, export assistance and measures to encourage SMEs to cooperate with each other.

At its meeting in Madrid, the European Council called on the European Commission to implement these priority objectives as quickly as possible, in the framework of the forthcoming integrated programme in favour of SMEs.

## ◆ Europartenariat: after Lisbon, Lulea

After meeting in Porto in 1991, Europartenariat returned to Portugal last year, meeting in Lisbon this time on 24 and 25 November. This was the 13th Europartenariat, and it enabled the 406 Portuguese SMEs, which had been chosen on the basis of their results and their dynamism, to meet the representatives of some 2 100 companies, located in other EU Member States as well as in the Mediterranean basin countries, the countries of Central and Eastern Europe, the Commonwealth of Independent States and Latin America (Brazil). The aim was to discuss cooperation projects and conclude agreements. The roughly 14 000 meetings which took place, 3 500 of them spontaneously, enabled the managers of Portuguese enterprises to establish contacts with their opposite numbers from other countries.

The next Europartenariat will be held in Lulea, in Sweden, this coming 13 and 14 June. This Europartenariat for northern Scandinavia will enable some 400 dynamic SMEs located in the north of Sweden, Finland and Norway to meet companies from other EU countries as well as from the Baltic States, Central and Eastern Europe and the Mediterranean basin. They will have in their sights interregional and transnational cooperation agreements. A catalogue containing the profiles of the Scandinavian SMEs, as well as their offers of and requests for cooperation, will be distributed throughout Europe through a network of business consultants, starting in February.

## ◆ The first European Tourism and Environment Prize

With a view to encouraging public awareness of tourism and environmental protection, the European Commission launched in March 1995, the first European Tourism and Environment Prize, open to the 15 European Union countries as well as Iceland and Norway. The prize is designed to promote tourism which favours the long-term economic and social development of a city or region. It seeks, therefore, to recompense exemplary cases of a search for the right balance between the promotion of tourism and respect for the environment. To encourage as wide a participation as possible, the Commission had organized competitions at first the national, then the European, level. Each region was thus able to present its candidates to a national jury which presented them, in turn, to a European jury.

The latter awarded the European Tourism and Environment Prize to the town of Kinsale, in Ireland, on 22 November 1995. The other three finalists (the Peak District National Park in the UK, the Cevennes National Park in France and the Weissensee region in Austria) received special diplomas. The European jury presented special awards to the following organizations or regions: British Waterways (UK); Paijanne lake district (Finland); the touristic region of Colbitz Letzlinger Heide (Germany); the historic centre of the City of Corfu and the island of Vido (Greece); Veluwe mobility plan (the Netherlands); the Azores and Ponte de Lima (Portugal) and Oscos Eo (Spain).

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