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frontier-free EUROPE

The challenge of competitiveness

by Martin Bangemann, Member of the European Commission

There is a widely held view that in order to become more competitive European firms must above all reduce their wage bill. Admittedly, very high wage-related costs can hamper job creation; but improving Europe's worldwide competitiveness does not depend initially on a reduction in our wage costs. We cannot bring down European wages to a level that would allow us to compete with most of the other countries in the world.

This is not to say that, in the worldwide race to remain competitive, Europe must be among the losers. However, we must quickly find the right answers to some key questions.

Training — initial and continuing

Tomorrow's winners will be those with the best training,initial as well as continuing. Solid basic training is no longer enough to ensure success during one's entire working life. In nearly every sector, both professional success at the personal level and the continued competitiveness of firms depend on continuing training. In future, only those will succeed who can quickly collect, handle and exploit information on new markets and products; the needs of potential clients; new inventions and techniques and the prices quoted by suppliers.

Hence the growing importance of a factor often neglected in the past — the servicing of firms, particularly small and medium-sized ones. This involves access to all sorts of communication networks, as well as to information and consultancy services. But firms and their employees must also demonstrate their ability to use this wealth of information. It requires familiarity with the new methods of communication, as well as a knowledge of the languages and markets of other countries, along with local contacts involving potential trading partners.

But information must circulate more freely within Europe itself. We cannot be content with a Europe which, although one of the most creative parts of the planet, with numerous patents and inventions to its credit, nevertheless often leaves the transformation of its ideas into products, and the concomitant creation of new jobs, to other parts of the world. Communication and information flows must develop between researchers, inventors, firms and investors.

These demands are aimed at all interested parties. Firms obviously have primary responsibility for their own competitiveness. While they need courage and creativity,they must understand, above all, that it is worth their while to invest in such intangibles as the initial and continuing training of their workers. Europe's social partners must also pay more attention to initial and continuing training —in wage agreements, for example.

A question of mentality

But the European Union and its Member States also have a role to play. European firms must not be hampered by needlessly bureaucratic prescriptions. The Commission has undertaken to examine European rules with a view to their simplification. In fields such as biotechnology we have already submitted proposals along these lines. However, most bureaucratic rules originate in the Member States, not Brussels. Much remains to be done. In a sector for which I am responsible — telecommunications — Europe is doing a great deal to improve the competitiveness of our enterprises. Thanks to our liberalization policy, the services on offer to firms are becoming better, cheaper and more numerous. This helps not only the telecommunications sector, but also opens up possibilities for all firms, by making access to information from all over the world easier.

In addition, European programmes for general and vocational training are stimulating training, initial and continuing, for SMEs and their employees, as well as for company managers. But these programmes are only an invitation; it is up to firms, Member States and regions aided by the Structural Funds to take advantage of what is on offer. It is essentially a question of mentality. Europe does not have the right to rest on its laurels. In our countries, individuals and firms must realize that at a time when competition is becoming global, only those who remain flexible and creative, who never stop learning but develop new ideas and are ready to follow new paths are assured of survival. Such a mentality cannot be imposed from Brussels. I can only call on all economic actors to take advantage of our offers and proposals and take up the challenges of the future.

■ 1 euro = 100 eurocents

The euro, Europe's future currency, will consist of 100 'eurocents', according to a decision of the European Union's Finance Ministers, meeting in Verona on 13 April. What is more, the ministers envisage a competition for the design of these new coins, one side of which will be 'European', the other 'national'. Euro notes and coins will come into circulation by 1 January 2002 at the latest, in keeping with the timetable adopted by EU Heads of State or Government at their meeting in Madrid last December. Monetary union will begin, nevertheless, as from 1 January 1999; this is the date on which the rates at which the participating currencies will be exchanged against each other and against the euro will be fixed once for all.

■ Sweeteners to be more clearly labelled

As from 1 July 1997, the labels of foodstuffs containing sweeteners will be required to provide this information. The labels of foodstuffs containing an added sugar or sugars as well as a sweetener(s) will have to indicate both. In addition, foodstuffs containing aspartame will have to be labelled, 'contains a source of phenylalanine', and those which contain more than 10% added polyols, the statement 'excessive consumption may produce laxative effects'. All these requirements appear in a Directive adopted by the EU Council of Ministers on 29 March. Trade in products which do not conform to these rules will be banned in the 15-nation EU as from 1 July 1997, with the exception of products labelled before this date. The Fifteen will have to allow the sale of foodstuffs which meet the new requirements by 1 July 1996 at the latest.

■ Posted workers gain rights

Workers from one European Union country who are posted to another, will shortly enjoy the same conditions of work and pay as their fellow workers in the host country. This is the basic principle of a Directive on which EU Labour and Social Security Ministers were able to reach a political agreement on 29 March, before forwarding it to the European Parliament[1]. The Directive will apply to all postings which take place within the framework of a contract between the firm in the host country and the firm providing the workers. The conditions of work and pay will have to be laid down in legislative texts or collective agreements, or in arbitration awards in the case of the building sector. The conditions of employment mentioned in the Directive include: minimum rates of pay, maximum work periods, minimum rest periods, minimum paid annual holidays and health, safety and hygiene at work. Other conditions mentioned in the Directive cover: the hiring-out of workers, equality of treatment between men and women, and protective measures concerning pregnant women, or women who have recently given birth, children and young people. Member States will not be required to apply the provisions regarding minimum rates of pay to postings of less than one month. The Directive aims at clarifying the situation of posted workers and putting an end to abuses. In practice it should apply mainly in the building sector.

■ Eco-labels for bed linen and T-shirts

European manufacturers of bed linen and T-shirts can now obtain the European eco-label, if their products meet the criteria adopted by the European Commission on 23 April. These criteria particularly take into account pesticide residues in cotton yarn and the use of detergents, bleaching agents and dyes. Firms granted the eco-label can use the official logo — a flower with 12 stars in place of petals — on their products. Detailed information can be had from Mr Mark Moys at the European Commission in Brussels (DG XI-E-4),tel. (32-2) 299 0324; fax (32-2) 295 5684.

■ Telecoms: agreement on interconnections

The main aim of the Directive to which the EU Council of Ministers agreed on 21 March is to guarantee the interconnection between all public telecommunication networks, in the context of the total liberalization of this sector, set for 1 January 1998. The Directive now goes to the European Parliament[1]. Under its provisions, 'historic' telecom bodies, which actually control access to users, will have to negotiate the interconnection with the other firms in the sector, and accept all reasonable demands for interconnection, without discrimination. The EU Member States will have to implement the Directive by 1 January 1998 at the latest, except those countries which are entitled to a transitional period — Ireland, Greece, Luxembourg, Portugal and Spain. EU ministers also adopted at the same time the guidelines allowing for the EU's financial support for the interconnection of networks[1].

■ Parental leave — sans Britain

The right to parental leave, without pay, for at least three months, on the birth or adoption of a child will be set out in a European Directive, which will apply in 14 of the 15 EU countries, the UK being the exception. The Labour Ministers of the 14 countries in question adopted on 29 March a legal text embodying the agreement reached last year by the two European organizations representing private and public sector employers — UNICE and CEEP — and the European Trade Union Confederation (ETUC). The 14 countries adopted the Directive by virtue of the agreement on social policy, annexed to the Maastricht Treaty, and signed by them alone. National authorities will decide on the conditions of parental leave. However, the Directive makes it illegal to dismiss workers because they either demanded parental leave, or took it. It also stipulates that workers have the right, at the end of their parental leave, to return to the same job or, if that is not possible, to an equivalent or similar job. Finally, rights acquired, or in the process of being acquired, by a worker will be maintained as they stand until the end of parental leave.

▷ BRIEFLY

A **mandatory third-party car insurance policy** cannot exempt an insurance company from the obligation to compensate the victim of an accident which resulted from the policyholder driving while intoxicated. The European Court of Justice ruled on 28 March that this exemption is not allowed under European rules. It added that the insurance policy in question can provide for the insurance company to turn against the policyholder.

The new **Kaleidoscope programme** in support of cultural and artistic activities received the go-ahead from the EU Council of Ministers on 14 March, following its approval by the European Parliament. The new programme covers the period 1996-98, and has a budget of ECU 26.5 million (ECU 1 = UKL 0.84 or IRL 0.81).

A Member State of the European Union cannot require the payment of **social security contributions by a firm** located in another Member State, but temporarily engaged in carrying out work on its territory, even though the firm makes the same type of social security contributions in its own Member state. A ruling to this effect was handed down by the European Court of Justice on 28 March, in a case brought by Belgium against a Luxembourg building company.

[1] Decision to be taken by the EU Council of Ministers and the European Parliament by mutual agreement, under their co-decision procedure.

EDUCATION AND TRAINING: the way to beat unemployment

The search for employment is becoming an increasingly uphill struggle in Europe. Employers are very demanding and look for staff with good qualifications and sound experience. The European Union is well aware of the problem and offers training and education programmes to improve your skills, brighten up your CV and equip you better for the labour market. The Union offers you an opportunity to take advantage of the accelerating pace of technological change rather than become a victim of it.

A young person is twice as likely to be unemployed as an older person. One in five long-term unemployed workers is under 25 years of age. Avoid becoming one of these statistics! Get up and go for it: explore what Europe has to offer in the way of education and training! Travel broadens the mind, so look out for the possibilities that will help you get ahead.

Legal bases

From the outset the European institutions have sought to assist people in the areas of education and training. Starting with the ECSC Treaty in 1951 and subsequently in the Treaties of Rome in 1957 and Maastricht in 1992 (Articles 126 and 127), these concerns have always been in the forefront.

The European Commission's 1993 White Paper on growth, competitiveness and employment outlined the challenges and ways forward into the 21st century, stressing that education and training would play a key role in transforming economic growth into jobs.

To improve its contribution to this goal the Commission has recently reorganized its programmes in this area. Erasmus, Lingua and other Comett programmes have been reformed and recast. Socrates and Leonardo da Vinci have taken over.

A FEW FIGURES

Every year some 127 000 students (European Union and EFTA) and over 10 000 teachers in university and higher education institutions participate in mobility programmes.

Some 40 000 young people participate in young people's exchange schemes under the Youth for Europe programme. Nearly 30 000 young people participate in language study visits and over 6 000 teachers are given language training courses.

Socrates

The programme was launched in 1995 and now extends to the 15 Member States of the European Union plus Norway, Iceland and Liechtenstein.

What is Socrates? The new programme has taken over student exchanges at the higher education level from the Erasmus programme, the language studies covered by Lingua, plus new activities at all levels of education.

A large part of the Socrates programme (Chapter I) is given over to student mobility. Socrates offers you an opportunity to study abroad and learn about life in the other countries of the Union. Examinations sat abroad are recognized by the university of origin, and grants may be awarded in certain circumstances. Mobility is not confined to students. Teachers can also benefit. In addition, Chapter I provides for the award of more substantial aid to encourage universities to include a European dimension in courses for students who do not participate directly in mobility. In this context it places new emphasis on the transnational formulation of programmes and on cooperation on topics of common interest.

Other measures (Chapter II) concern pre-school, primary and secondary (Comenius) education. The aim is to encourage partnerships between schools in different countries of the Union for the joint study of other languages and other cultures, while discovering our own environment and cultural heritage. The use of new technologies (computer networks and programmes) is encouraged. This chapter includes and expands on measures for migrant children, travellers and itinerant workers and support for transnational further training for teachers.

A third part (Chapter III) is accessible to all levels of education; one of the things it does is to take the activities of the former Lingua programme a stage further. It seeks to reinforce language learning by developing new teaching material, offering teachers the opportunity to undertake total immersion courses in other Member States, establishing links between language teaching establishments to enhance the professional skills of teachers, giving future language teachers the opportunity to spend a few months in a school abroad as a Lingua assistant, and promoting exchanges of young people. A specific measure will also offer open distance learning to be accessible in several countries.

For all matters concerning information and exchanges of experience in the field of education, the Eurydice network has been stepped up, as have the study visits for specialists from several countries under the former ARION project. Financial assistance will also be given to continue developing the NARIC network, linking national information centres for the academic recognition of qualifications and periods of study. These centres, located in every Member State, will enable students, teachers and employers to obtain information on the level of qualifications and vocational training throughout Europe.

The Socrates programme also supports the promotion of the European dimension in adult education. This is the first measure in this field. It aims to promote teaching and learning about the cultures, traditions and languages of the Member States, the preparation of teaching material to bring about a better understanding of political, economic and administrative issues in the European Union, the development of transnational cooperation and exchanges of experience.

Who can participate? Socrates is open to students at all levels and in all types of education (day courses, adult education courses, etc.), schools at all levels, teachers, educational advisers, political decision-makers at all levels — local, regional or national — associations, organizations and societies engaged in education-related matters.

The funds available. For 1995-99, ECU 850 million has been allocated for the entire programme.

Where and how to apply? You should submit your application for financial support to the Commission or the addresses in the Member States on the lists in this brochure.

Leonardo da Vinci

The Leonardo programme was launched on 6 December 1994 and is based on Article 127 of the Maastricht Treaty. It applies to all the Member States of the European Union, plus Norway, Iceland and Liechtenstein. It will also be open to the associated countries of central and eastern Europe, and Cyprus and Malta.

What is Leonardo da Vinci? Former Community programmes like FORCE (continuous training), PETRA (basic training), Comett (university-business cooperation), Eurotecnet (promotion of qualifications linked to technological innovation) and Lingua (language learning) have been combined in Leonardo da Vinci to achieve greater consistency.

Its primary aim is to help you benefit from technological and industrial developments by stepping up vocational training. It should prepare you for tomorrow's trades, by anticipating change and devising new methods of preparation for working life.

The programme will improve quality and innovation in vocational training in Europe by adding value to the national systems and promoting the best features of each. The central idea is to promote life-long training and thereby help people to meet the challenges of change on the labour market.

Placement and exchange schemes enable young people undergoing training or attending university to obtain a placement in a firm in another Member State to complete their training. Instructors and other specialists are also eligible for exchange schemes.

The Leonardo da Vinci programme seeks to support transnational pilot projects relating to common training modules and the adaptation of instructors' needs and training. Lastly, surveys and comparative analyses have been made at Community level to develop knowledge in this field.

Who may participate? Leonardo da Vinci is open to all local, regional or national groups interested in vocational training in Europe. Pilot projects, exchanges and other placements are open to young people undergoing training, young workers in continuous training, firms and groups of firms (especially small businesses), language teachers and all public bodies.

The funds available. For 1995-99, ECU 620 million has been made available to implement the programme.

Where and how to apply? If you are interested, you should respond to the call for proposals issued by the Commission and/or the body appointed in your Member State (see addresses).

Youth for Europe

This five-year programme was adopted in March 1995. It succeeds two other programmes of the same name. It covers the 15 Member States of the Union plus Iceland, Norway and Liechtenstein.

What is 'Youth for Europe'? Education and vocational training are not the only opportunities for exchanges offered by the European Union. Outside school and work, this programme will enable you to meet other young people engaged on a common project, whether in the cultural, social or another field. It aims to offer young Europeans more opportunities to build a Europe that is closer to the citizen, where solidarity is more generally accepted and differences are respected.

Who can participate? Youth organizations, local, regional, national or European organizations, government and non-governmental bodies engaged in youth affairs (e.g. voluntary service, training for organizers, information for young people, etc.) and young people themselves in the framework of youth measures.

The funds available. For 1995-99, ECU 126 million is allocated for the implementation of the programme.

Where and how to participate? Projects must be submitted to national agencies, and/or direct to the Commission, depending on the measure concerned in the programme (see the applicants' handbook).

* * *

More detailed information on the various programmes and additional addresses can be obtained from the technical assistance offices or from the European Commission Representations and Offices (see below).

Technical assistance offices

Socrates and Youth for Europe offices
rue Montoyer 70
B-1000 Brussels
Tel. (32-2) 233 01 11

Leonardo da Vinci office
Avenue de l'Astronomie 9
B-1210 Brussels
Tel. (32-2) 227 01 00

United Kingdom

Socrates
UK Erasmus Student Grants Council
The University
Research and Development Building
Canterbury
Kent CT2 7PD
Tel. (01227) 76 27 12 — 74 40 00
ext. 3673

Leonardo da Vinci
Department of Education and Employment
Higher Education and Employment Division
Sanctuary Buildings
Great Smith Street
London SW1P 3BT
Tel. (0171) 925 53 06 — 925 52 54

Youth for Europe
Youth Exchange Centre
British Council,
Spring Gardens 10
London SW1A 2BN
Tel. (0171) 389 40 30

Ireland

Socrates
National Agency Ireland
Higher Education Authority
Fitzwilliam Square 21
Dublin 2
Tel. (01) 661 27 48

Leonardo da Vinci
Leargas
Parnell Street 189/193
Dublin 1
Tel. (01) 873 14 11

Youth for Europe
Leargas
1st Floor, Avoca House
Parnell Street 189/193
Dublin 1
Tel. (01) 873 14 11

European Commission Representations and Offices

European Commission
Representation in the UK
Jean Monnet House
8 Storey's Gate
London SW1P 3AT
United Kingdom
Tel. (44-171) 973 19 92

European Commission
Representation in Northern Ireland
Windsor House - 9/15 Bedford Street
Belfast BT2 7EG
United Kingdom
Tel. (44-232) 24 07 08

European Commission
Representation in Wales
4 Cathedral Road
Cardiff CF1 9SG
United Kingdom
Tel. (44-222) 37 16 31

European Commission
Representation in Scotland
9 Alva Street
Edinburgh EH2 4PH
United Kingdom
Tel. (44-131) 225 20 58

European Commission
Representation in Ireland
18 Dawson Street
Dublin 2
Ireland
Tel. (353-1) 662 51 13

eurostat

KEY FIGURES

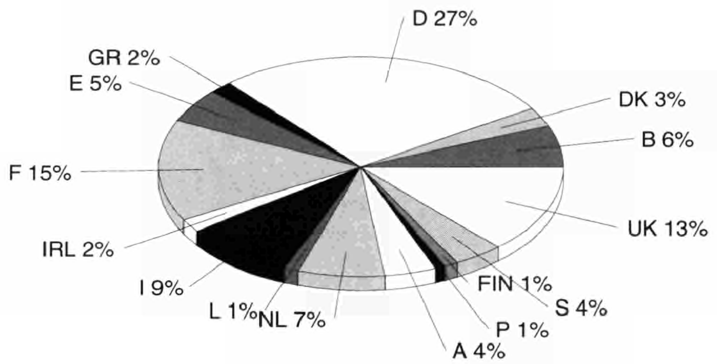
Data Shop Eurostat Luxembourg
tel. 43 35 22-51 - fax 43 35 22-221

Telecommunication services in the European Union

Greece, Spain, Ireland, Luxembourg and Portugal together accounted for 11.4% of outgoing international telephone calls in the European Union of Fifteen in 1993.

These five countries have been granted an exemption enabling them to postpone the deadline for the liberalization of telecommunication infrastructures (normally 1998) to January 2000 for Luxembourg and January 2003 for the other four.

Each country's share of outgoing telephone calls in EUR 15 in 1993



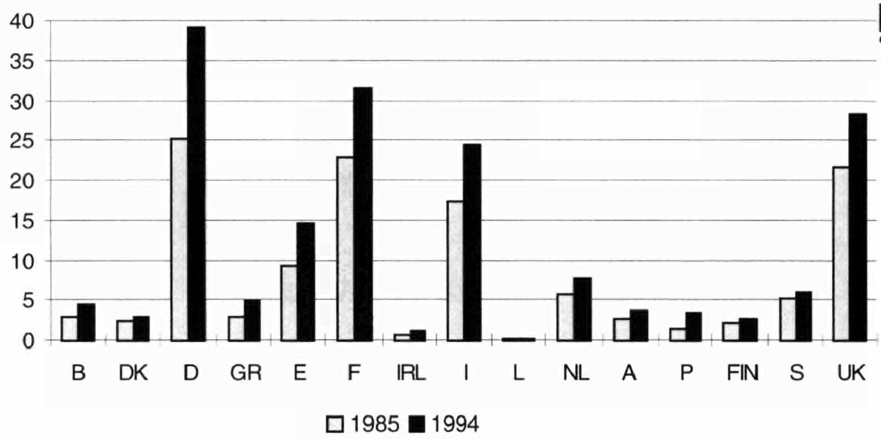
Outgoing telephone calls per 100 inhabitants (in minutes)

	EUR 15	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1985	2 078	4 218	4 244	3 007	1 451	565	1 874	791	973	22 022	3 701	4 055	545	2 181	4 109	2 202
1993	4 751	9 728	8 664	5 780	3 248	2 169	4 478	10 784	2 839	49 004	8 108	9 639	2 362	4 708	7 881	3 977

The number of main telephone lines increased in all the Member States of the European Union of Fifteen between 1985 and 1994.

The greatest increase was in Portugal: + 69.9% between 1985 and 1990 and + 44.8% between 1990 and 1994. The countries with the highest rates of increase were those with the least dense telephone networks, and vice versa.

Number of main telephone lines (in millions)



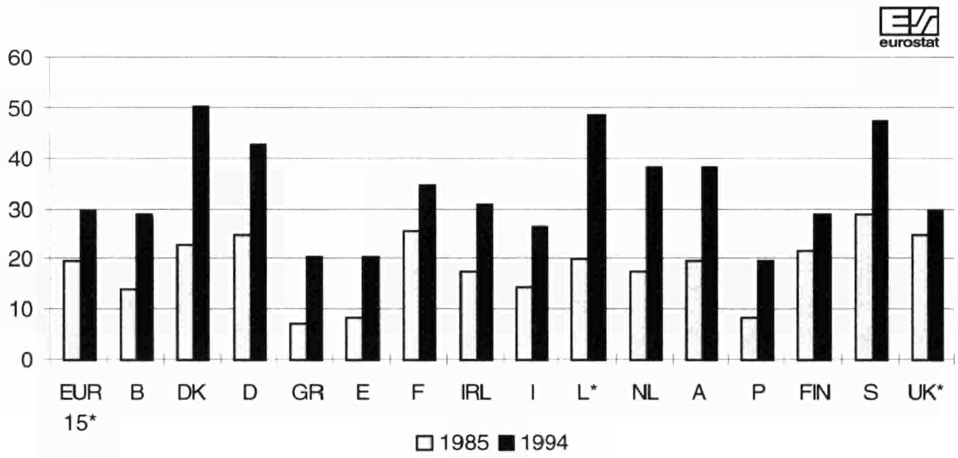
Number of main telephone lines (increase in %)

	EUR 15	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1985-90	22.3	27.8	14.5	18.1	26.7	34.9	21.9	39.8	28.5	19.2	19.2	18.1	69.9	21.9	11.6	17.3
1990-94	16.4	15.7	7.3	30.8	26.0	16.5	12.5	26.1	9.8	20.8	12.8	14.2	44.8	4.1	2.0	11.8

The revenue from telecommunication services increased between 1985 and 1994

The increases were most striking in Spain and Luxembourg between 1985 and 1990 and in Greece between 1990 and 1994. The highest revenues per 100 inhabitants in 1994 were ECU 50 536 in Denmark and ECU 47 372 in Sweden. The 1993 figure for Luxembourg was ECU 48 710.

Revenue from telecommunication services per 100 inhabitants



* 1990-93

Revenue from telecommunication services (increase/decrease in %)

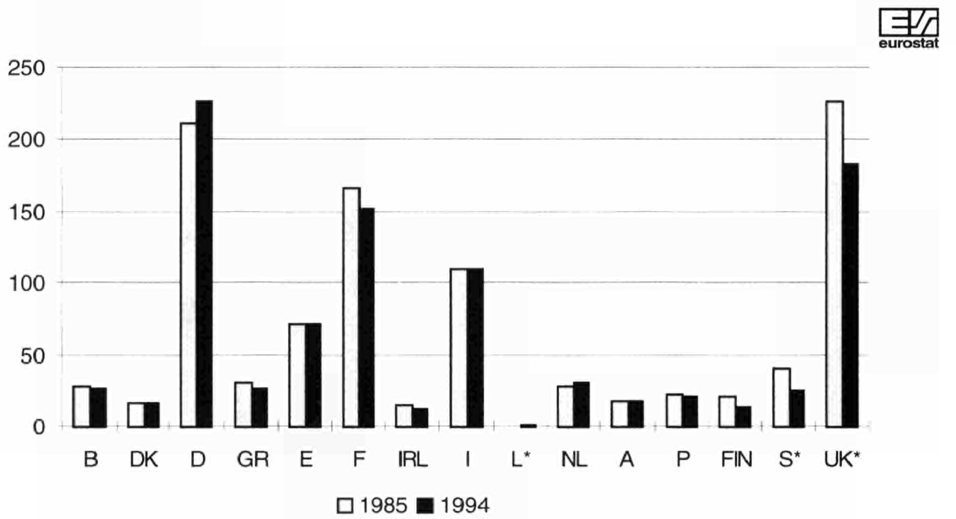
	EUR 15	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1985-90	37.7	51.5	50.2	30.7	42.2	92.5	13.7	7.4	68.0	111.0	61.4	49.4	45.8	62.4	61.2	3.3
1990-94	18.3*	39.3	48.2	75.1	110.2	27.2	23.0	2.9	8.5	23.8*	43.7	38.4	55.5	-16.2	5.4	-1.5*

* 1990-93

The number of telecommunication service employees mostly decreased between 1985 and 1994

In 1993 nearly a million people were employed in telecommunication services throughout the European Union.
In 1994 the number of employees per 1 000 main telephone lines ranged from 4 to 10 in most Member States of the European Union of Fifteen.

Total number of telecommunication service employees (in thousands)



* 1993

Number of telecommunication service employees per 1 000 telephone lines

	EUR 15	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1985	8	9	7	8	10	8	7	23	6	4	5	7	17	10	8	10
1994	6*	6	5	6	5	5	5	10	4	4*	4	5	6	5	4*	7*

* 1993

INITIATIVES

● ECU 2 billion for jobs and SMEs

The European Commission would like to make an extra ECU 2 billion available for financing European job-creation policies. To this end it proposed to the EU Council of Ministers and the European Parliament on 20 March, that as spending on agriculture by the EU is below the levels forecast, the unutilized funds be reallocated. The Commission favoured allocating ECU 1 billion to the trans-European transport networks, ECU 700 million to research and technology and ECU 40 million to small and medium-sized enterprises (SMEs) as such. An additional ECU 100 million would be devoted to the Northern Ireland peace initiative. The sums would be spent over a three-year period.

● Towards simpler legislation

The European Commission has launched a pilot scheme aimed at simplifying EU legislation dealing with plants, building products, the recognition of diplomas and intra-EU trade statistics. On 27 March it announced the setting up of 'SLIM groups', entrusted with the task of deciding the points on which European legislation can be simplified. These groups,each presided by a senior Commission official, will include representatives of the Member States, businesses — SMEs in particular — and consumers. The Commission will submit concrete proposals in November on the basis of their suggestions. If the experiment is successful, it will be extended to other sectors.

FOR A MORE EUROPEAN TAXATION

The implicit tax rate in the European Union on salaried work — levied on firms and individuals — rose by 20 % between 1980 and 1993, even while it fell by 10% in the case of capital and self-employment. This development, which hardly favours job creation, has been deplored by the European Commission in a reflection paper on taxation, published on 20 March. The Commission, having taken up European tax problems as a whole for the first time, envisages a minimum rate of taxation throughout the EU; but above all it envisages a more closely coordinated approach to fiscal policy on the part of Member States, in order to avoid fiscal competition, which penalizes employment.

○ BRIEFLY

The European Commission proposed on 17 April to **simplify and revise seven Directives on foodstuffs.** They deal with chocolate, coffee and chicory extracts, condensed milk, honey, sugar, fruit juices, and jams and marmalades. The Commission is prepared to allow all chocolate manufacturers in the European Union to use vegetable fats, other than cocoa butter, up to a limit of 5%. At present this is allowed in seven of the 15 Member States: United Kingdom, Ireland, Austria, Denmark, Finland, Portugal and Sweden.

In order to stimulate **part-time, fixed-term and temporary work,** the European Commission launched on 17 April the second stage of consultations between the EU's social partners — employers' organizations and the trade unions. The aim is to see how to ensure that employees in these types of flexible work receive treatment comparable to that enjoyed by permanent full-time employees. This consultation is in the framework of the social agreement annexed to the Maastricht Treaty and subscribed to by the EU Member States, with the exception of the UK.

The European Commission has undertaken to **simplify and codify veterinary legislation on products of animal origin** by the end of this year. EU legislation in this area has developed over the last 30 years and now covers some 650 pages. This initiative was announced on 18 April by the European Agricultural Commissioner, Franz Fischler, on the eve of a conference which has made it possible to consult producers and consumers.

The **high level group on the free movement of persons,** created by the European Commission and presided by Mrs Simone Veil, the former President of the European Parliament, held its first meeting on 23 April. In order to have a better idea of the various kinds of obstacles to the free movement of citizens within the European Union, the group is asking individuals as well as associations to get in touch with it: by telephone ((32-2) 296 9523), fax ((32-2) 295 9331), e-mail (e2@dg15.cec.be) or letter (European Commission, DG XV. E.2, rue de la Loi, 200, B-1049 Brussels).

The **European Foundation for the Improvement of Living and Working Conditions has recently published a booklet entitled *An innovative economic incentive model for improvement of the working environment in Europe.*** It describes novel ways of using compulsory industrial injury insurance to improve occupational health and safety. The suggested model is especially designed for SMEs. For further information contact Dimitrios Politis at the Foundation in Loughlinstown, Dublin 18, Ireland. The Foundation has also published reports on the implications for the care and employment of an ageing European population. For information, contact Teresa Renehan, at the same address.

With a view to putting an end to distortions in the single market, the European Commission proposed on 13 March the harmonization of that part of **copyright law** which entitles artists, or their heirs, to a percentage of the price when a work of theirs is resold by others. At present there is no such law in the United Kingdom, Ireland, the Netherlands and Austria. The Commission's proposal provides for it in the case of sales throughout the EU, whenever the work in question fetches at least ECU 1 000. The works covered would include not only paintings and sculpture but also photographs,drawings and ceramics.

The European Commission has set out **the measures in favour of women** which, in its opinion, are acceptable **when hiring or promoting staff.** The measures include reduced social security contributions and subsidies for firms recruiting women who meet certain conditions. They are contained in a communication which the Commission adopted on 27 March, and represent its interpretation of the ruling handed down by the European Court of Justice last October in the *Kalanke* case. The Court held on that occasion that the German state of Bremen had acted wrongly in setting rigid and automatic gender-based quotas for public employment.

The **research/industry task forces** set up by the European Commission last year have completed the first part of their assignment. This was to identify blockages and needs, and determine the priorities as regards the effort to be made at the European level. The groups presented a report to the EU Council of Ministers on 25 March. The next stage involves the coordination of concrete projects, provided the necessary funds are released. The fields of research in question include educational software and multimedia, new-generation aircraft, the car of tomorrow, vaccines and viral diseases, trains of the future, intermodal transport, maritime systems and water technologies.

In order to help European regional and social aid programmes **create more jobs and more new businesses,** the European Commission adopted a series of guidelines on 21 March. It is proposing that the financial resources arising from the annual adjustments for inflation — ECU 5 billion for the period from 1994 to 1999 — be used to improve the support services for businesses, vocational training, technological innovation and the reorganization of work.

Harmonizing technical standards for motor vehicles at the global level is the ultimate goal of a procedure launched in Washington on 11 April, during a conference which brought together government and industry representatives from Europe and the United States. The conference recommended action as regards mutual recognition and coordination of research.

SEEN FROM ABROAD

► Public opinion in the East favours entry

If a referendum on joining the European Union had been held last November in the 10 associated countries of Central and Eastern Europe, the response everywhere would have been a massive 'Yes!' This is clear from the results of a Eurobarometer opinion poll published on 15 March. Some 60 % would have supported EU membership in the 10 countries taken together, with 7% opposing it, 16% undecided and 7% 'refusing to vote.' As many as 97% of those who expressed an opinion in Romania supported membership. The corresponding figures for the other countries were: Poland, 93%; Slovakia, 88%; Bulgaria and Lithuania, 86%; Hungary and Latvia, 80 %; the Czech Republic and Slovenia, 79% and Estonia, 76%. The highest proportion of those undecided over EU membership was to be found in the Baltic States — more than 25%. Not far behind were the Czech Republic and Slovakia, with 23 and 20% respectively. The 10 countries in question are linked — or will shortly be linked — to the European Union through European association agreements, which envisage membership as the ultimate goal.

◆ ECU 180 million for the third SME programme

When it met in Madrid last December the European Council underlined the need for a stronger and more direct focus on policies in favour of business, particularly SMEs, at the level of both the 15 Member States and the European Union. The European Commission's proposal for a third multiannual programme for small and medium-sized enterprises (SMEs) in the European Union (1997-2000), adopted on 20 March, will be an integral part of the European confidence pact on employment launched by the Commission President, Jacques Santer.
The programme provides for concrete activities, having a rapid effect and aimed at helping SMEs take advantage of their ability to create jobs and wealth, particularly by having more of them benefiting from the single market.
The main objectives of the third programme are: to simplify and improve the administrative, regulatory and financial business environment; help SMEs to Europeanize and internationalize their strategies, in particular through better information services, and enhance SMEs' competitiveness and improve their access to research, innovation and training. The Commission has proposed a budget of ECU 180 million, for the four-year period from 1 January 1997 to 31 December 2000.
Coming after the second multiannual programme, which ends this year, the third programme will ensure the continuity and development of Community policy in favour of SMEs and craft industry. Some existing activities will be strengthened and new initiatives will be launched. Thus the information activities of the Euro-Info Centres (EICs) will be adjusted to take account of the globalization of markets and the rapid expansion of information highways. The EIC network will become the 'first-stop shop' to which SMEs in search of information could turn in order to gain easier access to the different programmes launched by the European Union. Europeanization and internationalization strategies will have priority, particularly by means of cross-border cooperative activities. Other activities proposed within the framework of the third multiannual programme include: new measures as regards the simplification and improvement of the administrative and regulatory environment of SMEs; the better involvement of European organizations representative of SMEs in the decision-formation process, and novel ways to better promote the technological adjustment of SMEs and their access to entrepreneurial training. The improvement of the financial environment for SMEs will be the object of complementary measures which do not involve direct financial support for SMEs, but aim rather at eliminating constraints and fostering better access to financial instruments. The new programme will also develop concrete actions for craft and small enterprises and encourage women and young entrepreneurs, as well as businesses owned by minority groups. The EU Council of Ministers will take a definitive decision as regards the European Commission's proposal for a third programme, once the European Parliament, the Economic and Social Committee and the Committee of the Regions have given their opinions.

◆ New guidelines on State aid for SMEs

The European Commission decided on March 20 to amend and clarify the criteria it uses when examining aid granted bythe 15 Member States to their SMEs in the light of EU competition rules. Such aid may be needed to offset certain handicaps which could slow down the development of SMEs. The Commission is maintaining, therefore, its sympathetic approach to aid for SMEs.
The first amendment concerns the reference to the new common definition of SMEs adopted by the Commission. To be considered an SME, the enterprise in question must have fewer than 250 employees and not belong to one or several large enterprises jointly. They must have an annual turnover not exceeding ECU 40 million, or an annual balance-sheet total not exceeding ECU 27 million. A small enterprise is defined as an independent enterprise which has fewer than 50 employees, and either an annual turnover not exceeding ECU 7million or an annual balance-sheet total not exceeding ECU 5 million.
However, the main change concerns the way in which intangible investments are handled. The maximum levels of aid applicable for the acquisition of patent rights, licences, know-how or unpatented technical knowledge will, from now on, be the same as for tangible investments: 15% for small and 7.5% for medium-sized enterprises. Finally, the Commission has maintained the criteria adopted in 1992 with regard to aid aimed at encouraging SMEs to use consultancy services and train their staff. Such activities may be allowed aid of up to 50%. The Commission has specified, however, that this type of aid cannot be continuous or periodic; nor can it finance, for example, routine tax consultancy services, regular legal services or advertising costs.

◆ ELISE: loan guarantees for job-creating SMEs

Helping SMEs gain access to credit, lowering their borrowing-costs and supporting job creation are among the main objectives of ELISE, the European loan insurance scheme for employment which the European Commission has sent to the EU Council of Ministers for adoption. Presented in early April in the framework of the European confidence pact on employment, the new proposal is aimed exclusively at SMEs, with a preference for enterprises with fewer than 50 employees. ELISE would finance the premium to guarantee loans made by the European Investment Fund (EIF), within the limit of ECU 25 million. The guarantees would cover 50% of the total loan value, although projects with cross-border implications could be guaranteed for up to 75% of the loan. Only investment projects which envisage the creation of new jobs would benefit from these loan guarantees, which would be granted through intermediary financial institutions. Interested firms would have to get in touch with these institutions.

**A great deal of additional information on the European Union is available on the Internet.
It can be accessed through the Europa server (http://www.cec.lu).**

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