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frontier-free EUROPE

Job creation: time to invest

by Pádraig Flynn, Member of the European Commission

Over the past 20 years, 8 million jobs have been created in the European Union. But the working age population has increased by nearly 28 million people. The result, we know. A decline in the employment rate, and growing unemployment. What lessons have the policy-makers drawn?

The EU as a single economic entity

First, we have become much more aware of the role of macroeconomic policy. The unstable macroeconomic policies of the past have cost us dear. Greater stability is vital to restore a climate of confidence among investors and customers. And EMU is relevant. The efforts of Member States to reduce their budget imbalances are one of the keys to confidence building.

Second, we need to exploit the potential of the EU as a single economic entity to produce growth and job creation. Only 8% of our total gross domestic product (GDP) depends on external demand. In other words, growth in our economies is dependent largely on the dynamism of our own internal market.

Third, we need to improve the way our markets work. We need to do much more to make our labour markets, in particular, more responsive to new requirements, in terms of skills and social protection provision.

Over the past 20 years, we have chosen to let the share of productive investment in GDP decline. And we have seen unemployment rise. Now, the European employment strategy is starting to deliver results. Conditions for investment, new jobs and economic growth are better now than they have been for many years. Inflation and interest rates are low. Exchange rates are stable. Investment profitability is higher than in the 1980s. The message of policy-makers is therefore that now is the time to turn these favourable conditions into new job-creating investment.

Changes in work organization

But how do firms and workers adapt to the emerging new forms of work organization? The European Round Table report[1] recommends a process of continuous renewal not just within the business but right through the supply chain. Changing consumer demand is causing a fundamental rethink of work organization. The 'flexible firm' with its non-hierarchical and more consumer-oriented structure, is emerging as the new model.

This model offers huge potential, but it also makes enormous demands in terms of organization, skills and industrial relations. These demands challenge managers and workers alike. This is why I welcome proposals for cooperation between large and small firms, whether this is as a transfer of know-how or help for workers to adapt to new needs. This kind of cooperation rightly gets European Social Fund support.

But we still have a problem. It is the lack of awareness among owners, managers and trade unions of the value of these new forms of work organization. To address this problem, the Commission has issued a Green Paper.[1] Our aim is to create that awareness by stimulating a debate and getting the key people thinking and acting. Changing work and workers so that they 'fit' new types of organization cannot only be a response to external constraints. It must be seen as part of a drive for more job creation and for a better working life, in which flexibility and security both play a part.

I believe that support from large firms to small can have a lasting impact on job creation. But we should not forget that cooperation with what is known as the 'third sector' — non-profit-making organizations, associations, cooperatives — can also help to create jobs.

[1] For more information, see page 3.

■ Government deficits clarified

Government deficits are among the criteria to be used next year to decide just which European Union countries will take part in the euro as from 1999, the last stage in economic and monetary union. To ensure greater comparability in the evaluation of such deficits, the EU's statistical office, Eurostat, clarified on 26 March how to deal, from an accounting point of view, with (1) government debt; and (2) the exploitation, by the private sector, of public infrastructure. These decisions complement the 13 already taken in January and February, regarding the deficit on the one hand and government debt on the other. Eurostat has now decided that short-term bonds have a maturity of 12 months at most. In the case of index-linked bonds, an increase in principle will affect government debt, but not if the bonds are linked to a foreign currency or gold. As for infrastructure, Eurostat holds that the government deficit is not affected when a State grants a company the right to exploit an infrastructure for a period of time, at the end of which the company returns it to the State free of cost, and without payments having been made between the State and the company during the period of exploitation. Although Eurostat was replying to questions put to it by the United Kingdom, Greece, Portugal and Spain, its answers extend to all 15 EU countries.

■ Access to the courts for consumers

Consumers will soon have a new method of ensuring respect for the nine European directives protecting them. The European Union Council of Ministers adopted on 10 April a directive which will allow consumer organizations, as well as public bodies like ombudsmen, to ask the courts for an injunction. They will thus be able to put an end to practices contrary to one of the directives on the rights of consumers. These cover such matters as television programmes, misleading advertising, consumer credit, advertising for medicines, unfair clauses in contracts, package holidays, the purchase of flats and houses on a time-share basis, distance selling and contracts concluded outside the supplier's premises. A list of associations and public bodies entitled to represent consumers will be drawn up in each EU country; each country will recognize the lists drawn up by the others. In the case of illegal practices which originate in one EU country but affect consumers in another, a competent body in the second country will be able to take legal action in the first. The directive now awaits approval by the European Parliament.

■ Recovery of illicit aid

A national or regional government which grants a firm aid which is declared unlawful by the European Commission must recover the sum in question, even if it was accepted in good faith. What is more, recovery is mandatory, even if it is excluded under national legislation. A ruling to this effect was handed down by the European Court of Justice on 20 March, in a case involving the regional government of Rhineland-Palatinate in Germany and the firm Alcan Deutschland GmbH. The former had granted Alcan financial aid designed to offset a sharp rise in the price of electricity, and thus prevent the closure of an aluminium plant. The federal State had failed to notify the European Commission of the aid, as required. It then gave the money to Alcan, even though the Commission, alerted by the press, had manifested its concern. The Commission declared the aid in question illicit in 1985 and ordered its restitution. Yet it was necessary to await the first ruling of the European Court of Justice, which held in 1989 that the German authorities had not implemented the Commission's decision, for the federal State to order the reimbursement of its aid. Alcan thereupon lodged an appeal, which ended up before a German federal administrative court, which turned to the European Court of Justice in Luxembourg.

☐ IN BRIEF

The EU Council of Ministers adopted on 10 April a directive which provides for the application of **a single mathematical formula for the calculation of the annual percentage rate of charge** for consumer credits. This formula, which will apply in all EU countries, will make it easier to compare the terms available in the different EU countries, thus advancing the single market in consumer credit. The text now awaits adoption by the European Parliament.

Under the EC Treaty, a European Union Member State does not have the right to seek a **guarantee for legal costs** from a national of another Member State, when there is no such requirement for nationals who have neither assets nor domicile in their country. A ruling to this effect was handed down by the European Court of Justice on 20 March, when it held in favour of a couple of British nationals, who had taken a German firm to court in Germany. The European Court had already ruled along these lines on 26 September 1996 in the case of companies and associations.

The European Commission gave the green light on 20 March to an agreement between the leading telecom companies of five European Union countries: British Telecommunications, Deutsche Telekom, France Télécom, Telecom Italia and Telefónica de España. The aim of the agreement is to set up a high-speed fibre optic network, **Global European Network (GEN)**. The Commission nevertheless has set two conditions: (1) the five companies must abstain from entering into multilateral price arrangements; and (2) the rates published by each participant must offer third parties access to its GEN capacities on terms which exclude any discrimintion.

The obligation to affix given distinctive marks on **products subject to an 'ecotax'** constitutes a technical specification within the terms of the European regulation. Consequently, a European Union Member State which envisages such a measure must notify it to the European Commission. A ruling to this effect was handed down by the European Court of Justice on 20 March, in a case involving the Belgian State and Bic, a company whose products include disposable razors, subject to an ecotax.

The European Commission launched on 7 April **eight pilot projects which link jobs, local development and the information society**. These projects are of interest to eight countries: the United Kingdom, Ireland, France, Finland, Germany, Greece, Spain and Sweden. The projects will run from 18 to 24 months and each will receive from the EU budget a maximum of ECU 250 000 (ECU 1 = GBP 0.71 or IEP 0.73. All the projects involve the application of information technology, and range in scope from training to local administration, including teleworking and transportation.

The **ban on nightwork for women** in industry, in force in France, contravenes the European Union regulation on the equality of men and women at the workplace. The European Court of Justice ruled to this effect on 13 March, at the European Commission's demand. Only Italy, of the 15 EU countries, has a regulation comparable to the French.

A local Italian health office does not have the right to apply to **deep-frozen bread** from France the manufacturing standards contained in an Italian law, as this would amount to a quantitative restriction, banned under the EC Treaty. More to the point, the ban on bran, the setting of a minimum level of ash, and the obligation not to exceed a given level of humidity cannot be justified on grounds of public health, grounds which are admitted by the EC Treaty. This is the substance of a ruling handed down by the European Court of Justice on 13 March, when it held in favour of the distributor for Italy of the bread in question.

THE COMMON AGRICULTURAL POLICY IN TRANSITION

Agriculture is often seen as standing in the way of the much-heralded closer ties with eastern Europe, as disrupting the smooth running of international trade, or as hindering the birth of new Community policies because it eats up budget resources needed for other essential purposes. Is it true that the common agricultural policy — the CAP — contributes to uprooting people, moving traditional production elsewhere, degrading the environment, reducing the quality and uniqueness of our farm products to some lowest common denominator?

None of these issues are new, and the public as well as politicians have every right to raise questions like this about a policy which, historically, was the first to be integrated at Community level and which, being the most evolved of Community policies, logically accounts for a large part of the Union's budget. But rather than drawing on what are often yesterday's facts and arguments, the political debate would benefit from focusing on the new priorities facing agriculture in Europe and on the general impact which agricultural spending is having today.

MONETARY PROBLEMS AT AN END

Attempts to implement a single market in agriculture have often been thwarted in the past by monetary problems: we all remember the notorious compensatory amounts introduced in the 1970s and 1980s, a period of major monetary fluctuations, to offset the effects of changing exchange rates on Community prices. More recently, currency devaluations in some Member States have caused major disruptions of intra-Community trade: this is because CAP prices are set in ecus and then converted into national currency. When one currency is devalued, sales to other Member States are artificially boosted. This is why the agriculture industry is waiting impatiently for economic and monetary union, since it will put an end to these disparities. Equally, everyone hopes that the strength of the new European currency will before long make it possible to move away from the US dollar in international trading, eliminating one of the trade disparities not dealt with by world trade agreements.

The pre-reform years

To understand today's CAP, however, we need first to look back at its history. When it was introduced in 1962, the CAP was a response to the most urgent concerns of a Community that was producing only 80% of its total consumption needs, compared with 120% today. The CAP's original goal was to expand production and so reduce dependence on imported food as well as cut down the Community's import requirements in energy, raw materials, etc. A variety of mechanisms were introduced to achieve this: high internal prices, tariff protection at outside borders, and Community preference, i.e. given equal quality, European produce was to be preferred.

Community preference does not make the Union a bastion of agricultural protectionism: although the Union now generally produces more than it consumes, it is still very heavily dependent on outside sources in several sectors (e.g. for approximately 60% of its fruit and vegetables and 50% of sheepmeat). In 1995 its agricultural imports hit the ECU 50 billion mark [1], as against ECU 28 billion in the United States. In other words, the Union manages to be both the second largest exporter of agricultural produce in the world and the largest importer.

The high prices set during the early years of the CAP, along with output-related aid schemes under the European Agricultural Guidance and Guarantee Fund (EAGGF), were among the many factors stimulating the overall modernization of agriculture. Within one generation, the Community was producing two to three times as much with two to three times fewer people, and from a considerably smaller surface area devoted to agriculture. Farming has developed more in the last fifty years than it did in the previous two thousand. Yet this indisputable progress also gave rise to new problems.

First of all, there were the persistent surpluses, the cost of which attracted growing criticism. Then there was the widening gulf between the kind of products available (butter, cereals, etc.) or their quality (wine, red meat, fruit, vegetables, etc.) and what consumers actually wanted. This was compounded by falling population, older average ages within the population, lower calorie requirements, and demand for new and different products (low-fat, organic, farmhouse quality, etc.). The steady rise in output, the levelling-off or decline in demand, and the cost of storing the surpluses forced the Community to expand its exports, triggering trade wars which led in turn to artificially low prices, more and more speculation in world markets and constant tensions among the world's main exporters. On top of all this, the growing intensification of production caused more and more problems for the environment, water and the soil, nature conservancy, land use, the quality image of products, and animal welfare.

The 1992 CAP reform: redirecting spending

Against this difficult background, the reform of the CAP in 1992 was designed to bring supply more into line with demand, in particular by cutting back production (setting aside farmland, continuing milk quotas, curbing beef production, etc.), by encouraging greater attention to the environment and more rational use of land, and by starting to bring down prices. Farmers were compensated by direct aid payments, given incentives to rationalize production costs and improve product quality, and helped to reclaim the home market from imports and to gear themselves towards new markets such as industrial and energy applications (biofuels). Hand in hand with this, the Union has been encouraging woodland management and the development of additional sources of income, in particular farm-based tourism.

[1] ECU 1 = approximately GBP 0.82, IEP 0.79 or USD 1.28 on 1 September 1996.

THE COUNTRIES OF CENTRAL AND EASTERN EUROPE: A NEW ERA FOR THE CAP

The start of entry negotiations with the countries of central and eastern Europe will mark the next important stage in the common agricultural policy's development. The eleven countries preparing to negotiate their accession to the Union [1] have a utilised agricultural area of 60 million hectares (compared with 140 million ha in the Community of Fifteen) and 105 million inhabitants (EUR 15 = 370 million).
In these countries agriculture continues to account for a major share of the gainfully active population and gross domestic product, but their agriculture industries are characterized by generally low productivity and prices and are in the process of being completely restructured. These countries can only be integrated into the CAP on the basis of carefully drawn rules which will help to avoid massive population shifts between Member States. In particular, account needs to be taken of the level of their prices and production as against the current state of the CAP in the Community of Fifteen.
The Directorate-General for Agriculture at the Commission has calculated that a transitional period prior to and especially after accession will be essential to allow gradual harmonization within the new system, without throwing the present CAP into disarray. The annual cost of agricultural support for these countries is put at between ECU 12 bn and ECU 15 bn, and essential investment of all types (infrastructure, economic development, etc.) will require transfers from the Community's Structural Funds estimated at ECU 15 billion a year.

Although it is true that EAGGF Guarantee Section expenditure has not fallen in real terms over the years — it was almost ECU 35 billion in 1995 — its relative share in the Community budget has fallen from 64% in 1988 to 50% in 1996, with the emphasis on achieving greater efficiency. Curbing the volume of output has lowered the costs due to surpluses, while restrictions on export subsidies as a result of the recent world trade agreements have freed up resources that can be channelled into support payments linked to compliance with the new policy priorities. The structural schemes operated under the EAGGF Guidance Section have grown (up from ECU 1.3 billion in 1989 to ECU 2.7 billion in 1995), helping to improve the structures and conditions of production and the processing and marketing of products.

The impact of the reform on consumers and farmers

The members of the public as taxpayers want to see their money spent wisely, but they should realize that they recover a large part of their investment in agriculture as consumers. For a long time the CAP was accused of pushing up the price of farm products, but in the Community today the average share of household budgets spent on food is only 15% compared with 30% in 1960. All in all, the CAP costs about ECU 100 per person per year, and it can be argued that this is spending saved to the national exchequers of the individual Member States.
Surpluses have been brought broadly under control, although difficulties remain and a close watch needs to be kept on the dairy sector. As for farming incomes, which declined steadily throughout the 1980s at a time when EAGGF Guarantee Section expenditure was rising from ECU 10 billion to ECU 30 billion, the general trend since 1992 has, on average, been positive.

New challenges

The transitional period provided for in the CAP reform package came to a close in July 1995. This coincided with a drop in the set-aside rate, the entry into force — also in July 1995 — of new GATT agreements on international trade, the accession to the Union of three new Member States, and increasingly closer links with the countries of central and eastern Europe. Although there have been some pressure points, expenditure has generally stayed within budget guidelines, and in future there should be fewer constraints on this score.
What does the future hold in store? The many pronouncements made by Europe's leaders give a fairly good indication: closer attention will be paid to the environment and to quality; there will be better targeted action on rural development, more aid for young people setting up in farming, greater selectivity in direct support payments, and a firmer commitment to encouraging less intensive farming. The prospect of the Union extending membership to include countries of central and eastern Europe vastly increases the urgency of tackling these challenges and speeding up the adjustment of agriculture to the new requirements of a society which is showing more and more concern about protecting consumer health and the quality of its environment. The speed with which Europe's farmers, after many months of sometimes violent protest, have adjusted to the CAP reform and the remodelled GATT framework show that the farming world in the Community of Fifteen is capable of responding to, and even capitalizing on, radical change.

Clearly we need to think very seriously about the future of the CAP.
After all, can we really go on claiming that BSE is an accident of nature? Is it not actually the consequence of a model of agricultural production which pushes productivity at whatever cost? Surely the logical outcome of going for the lowest possible cost without regard to the basic laws of nature has to be much higher costs for society in the long term?
Would we be in the position we are in now if people had followed the dictates of common sense and not treated ruminants as if they were carnivores or cannibals?
I would like to say here, incidentally, that I welcome the idea of the Commission and Parliament jointly holding a scientific conference on meat and bone meal.
The Commission is already working on a plan to overhaul the CAP which it will put forward after the conclusion of the IGC as part of the future financial package and with a view to enlargement.
The starting point for the reform will be the idea that there must be a greater focus in European agriculture on quality, protection of the environment, animal welfare, a return to more natural production methods and a simplification of Community law.
Jacques Santer, President of the European Commission, 19 February 1997

[1] Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Albania, Romania and Bulgaria.

KEY FIGURES

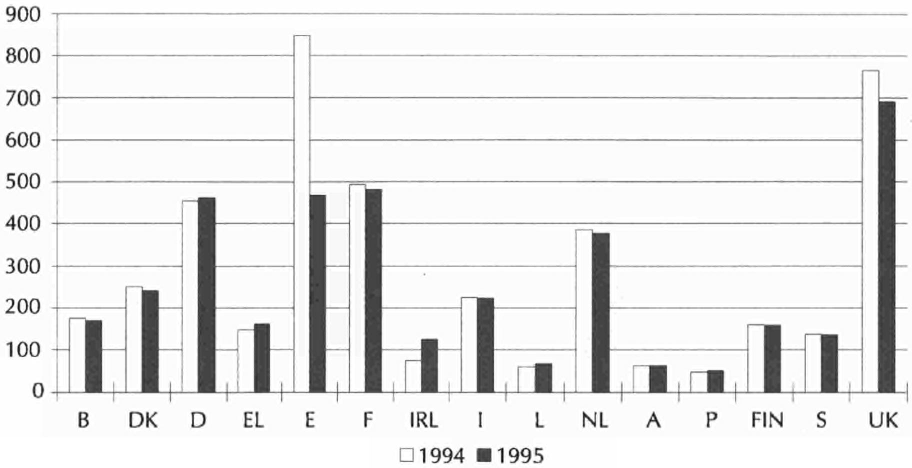
Data Shop Eurostat Luxembourg
tel. (352) 43 35 22-51 — fax (352) 43 35 22-221

Insurance services statistics — 1995

There were about 3 900 insurance companies in the European Union in 1995. In overall terms, this is a slight decline on the number recorded in 1994 (4 283), and the trend was reflected in most Member States

The fact that in the new environment it is much easier to set up new enterprises has not (yet) managed to offset this trend. There were a few exceptions: Spain (+15 %), Luxembourg (+10 %) and Ireland (+67 %), countries where the number of new entries to the insurance market exceeded the number of departures. There are 462 insurance companies in Germany, 692 in the United Kingdom, 482 in France and 66 in Luxembourg (which also has 234 specialist reinsurance companies).

Number of insurance companies recorded, 1994-1995



Number of insurance companies recorded ([1])

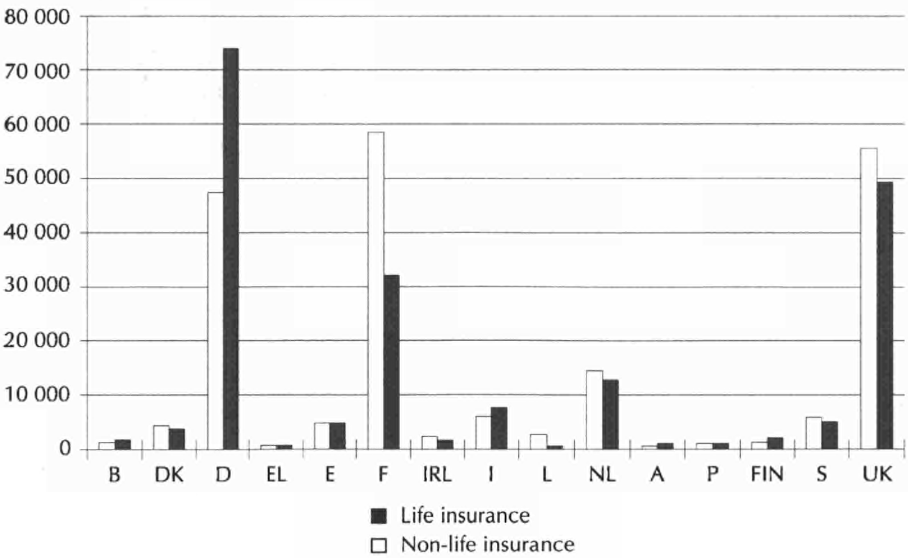
	EUR15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1994	4 283	175	250	454	148	847	494	75	224	60	385	62	47	160	138	764
1995	3 873	169	241	462	162	468	482	125	223	66	376	62	50	159	136	692

([1]) Excluding specialist reinsurers.

An analysis of the volumes of gross premiums shows that life insurance is becoming more popular in the majority of Member States, while non-life insurance is in decline

France recorded the largest figure for gross life insurance premiums in 1995 (ECU 58 450 million), followed by the United Kingdom (more than ECU 55 000 million) and Germany (more than ECU 47 000 million). Gross premiums in the life and non-life sectors in Germany amounted to more than ECU 120 000 million, compared with ECU 105 000 million in the United Kingdom and about ECU 90 500 million in France.

Gross premiums in 1995 — million ECU



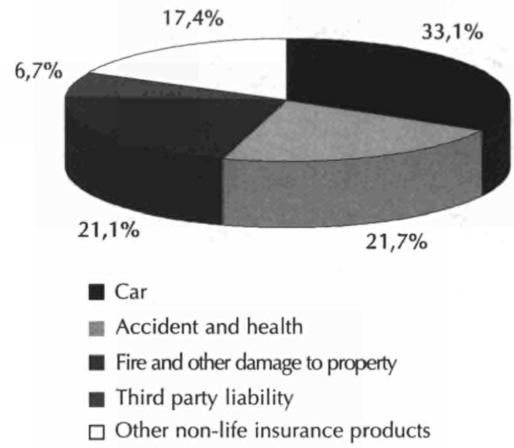
Gross premiums paid in 1995 — ECU million

	EUR15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Life	207 526	1 337	4 424	47 435	704	4 885	58 450	2 341	6 079	2 737	14 461	682	1 124	1 257	6 017	55 593
Non-life	198 799	1 754	3 799	73 947	737	4 925	32 095	1 690	7 727	568	12 864	1 055	1 064	2 162	5 072	49 341

In most Member States of the European Union, car insurance continues to occupy top place among non-life insurance policies, despite a decline in the percentage in some countries

In Italy, car insurance represents more than 56% of non-life insurance activities. Accident and health insurance is also acquiring considerable importance. In the Netherlands, the proportion of accident and health insurance (43%) is almost double that of car insurance.

Non-life insurance: gross premiums paid for direct insurance in EUR15 (1995) — Product breakdown



Non-life insurance: gross premiums for direct insurance in 1995 — million ECU

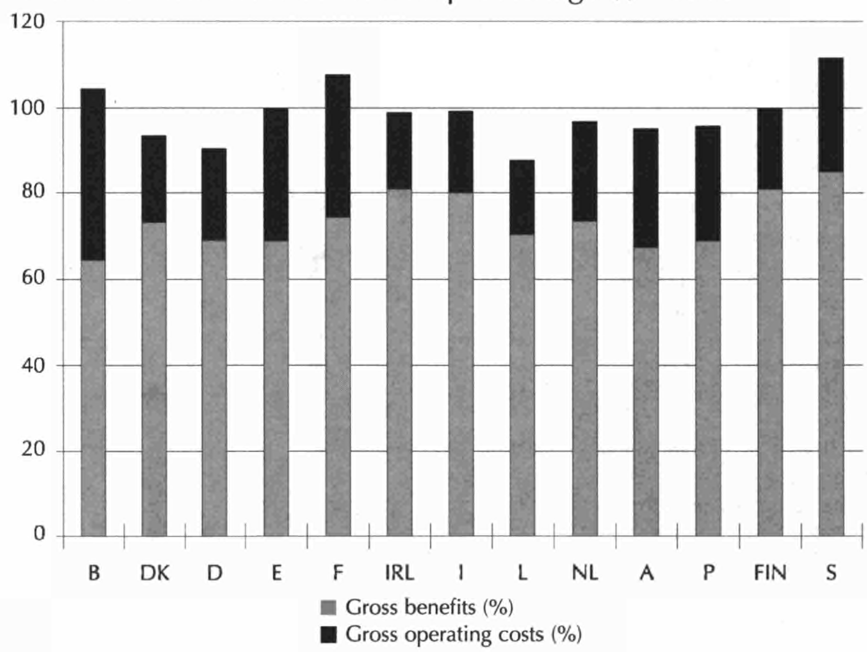
	EUR15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Total	221 627	5 510	3 431	71 589	737	12 046	32 095	1 509	18 005	568	12 478	6 265	2 094*	1 966	3 994	49 341
1	33.13**	47	27.2	32.6	60.4	44.1	38.9	47.4	56.5	29.9	24.4	36.7	-	28.7	27.5	19.4
2	21.7	11.7	21.9	31.3	5	21.3	18.8	3.5	14.3	3.4	43	27	-	24.7	17.8	9

1: of which: car (%).
2: of which: accident and health (%).
* Provisional data. ** Excluding Portugal.

Most EU Member States have a combined profit ratio of around 95%. This is the ratio between benefits and operating costs on the one hand and direct premiums on the other

In 1995, the ratio exceeded 90% in Germany, and in Luxembourg it was just under 88%.
The insurance markets in these countries are particularly profitable.

Non-life insurance: combined percentage (¹) - 1995



Non-life insurance: combined profit ratio (¹) -% — 1995

	B	DK	D	E	F	IRL	I	L	NL	A	P	FIN	S	UK
Gross benefits	64.44	73.36	69.12	68.99	74.50	81.00	80.20	70.57	73.58	67.59	69.05	80.92	85.06	-
Gross operating costs	39.97	20.00	21.29	30.99	33.20	17.90	18.89	17.22	23.14	27.44	26.65	18.96	26.38	-
Total	104.41	93.36	90.41	99.98	107.70	98.90	99.09	87.79	96.72	95.03	95.70	99.88	111.44	95*

(¹) Gross benefits and gross operating costs as a percentage of gross premiums paid for direct insurance.
* Source: Swiss Re.

INITIATIVES

● EMI: helping the euro and jobs

European Union Member States must intensify their efforts to make their public finances healthier on a durable basis, in the run-up to the euro in 1999. This is the advice given by the European Monetary Institute (EMI), forerunner of the European Central Bank, in its third annual report, published on 15 April. According to the as yet provisional figures available to the EMI, government deficit in the EU accounted on average for more than 4% of GDP in 1996, as compared to 5% in 1995; this was above the 3% maximum provided for in the Maastricht Treaty. Even so, the deficit has fallen everywhere with the exception of Germany, where it stood at 4% of GDP. As for the stock of government debt, it rose on average throughout the EU, rising to 73.5% of GDP in 1996 as against 71.3% the previous year. Under the Maastricht Treaty, it cannot exceed 60%. More generally, the EMI feels that fresh and durable progress is needed to ensure the viability of public finances; recourse to 'one-off and accounting measures' cannot ensure the long-term health of government finances, according to the EMI. Its report points, however, to progress as regards the other Maastricht criteria: inflation, long-term interest rates and exchange-rate stability. The employment situation is viewed by the EMI as extremely worrying, with the risk of continuing high levels of unemployment. The report notes that the United Kingdom, Ireland, Denmark, Finland and Spain should do better this year when it comes to employment than the EU on average.

● Eighty ideas to foster free movement

The European Union does not really need new 'laws' to ensure the free movement of persons; but it must take many concrete measures in order to deal with the numerous problems which remain. This, in outline, is the conclusion reached by the high level group on the free movement of persons, entrusted last year by the European Commission with the task of making suggestions. Presided by the former president of the European Parliament, Mrs Simone Veil, the group submitted a report containing 80 recommendations on 18 March. The group particularly recommends the creation of a new optional resident's permit, valid for a year, for EU citizens who stay for periods of three months to one year in another EU Member State, as students or trainees, for example. The report also recommends that the 'Citizens first' operation (mentioned later in this issue) be made permanent. Other suggestions include a 'European law' to facilitate the recognition of professional experience and an agreement among the 15 EU countries on just which civil service jobs are reserved for nationals and which are open to nationals of other EU countries. The full text of the report is available on the Internet at
http://europa.eu.int/en/comm/dg15/newpub.htm

● Changing the way companies work

Soon traditional methods of organizing work will no longer have their place in European companies. With this observation as its starting point, the European Commission wants to generate greater awareness among employers' organizations and trade unions, public authorities, researchers, associations and all the experts in the organization of work. It is to this end that the Commission adopted on 16 April a Green Paper on partnership for a new organization of work. The document deals with the advent of the 'flexible company', combining high qualifications, productivity and quality. It poses the question of reconciling company flexibility with job security, and underlines the need to disseminate the best practices in use in the European Union. The Commission considers a contractual framework for the organization of work, to which binding rules can also be added.
Interested individuals and bodies can give their views until November 1997.

THE ADVENT OF ELECTRONIC COMMERCE

If the European Union wants to take advantage of the opportunities offered by electronic commerce, it must act in four areas by the year 2000. According to a communication the European Commission adopted on 16 April, the EU must first offer the necessary infrastructure and an adequate technical framework. The liberalization of the telecoms sector will help, as will European research programmes. The European Commission will also take the initiative as regards standardization. Secondly, the EU must guarantee a stable and favourable legal and fiscal framework, without a tax on bits (the unit of measure for computerized data) but applying standard VAT and protecting companies and their clients. The EU in addition must create a suitable environment, through training and information, pilot projects and cooperation between the authorities and companies. Finally, the EU must ensure compatibility between its 'laws' and a global regulatory framework to be drawn up. The main Western political and economic entities met in Bonn, from 7 to 9 April, for the first annual conference devoted to the G-7 project, 'a world market for SMEs'. Thanks to this project, it has been possible to set up a worldwide network and to launch pilot actions. Europeans, Americans and Japanese shared their experiences and ideas as regards the obstacles to be overcome.

● Cooperation between large and small firms

Large companies can stimulate job creation by cooperating with small ones, taking advantage of the complementarities between them. This is the main message of a report of the European Round Table of Industrialists, presented in Brussels on 7 April. The Round Table brings together 45 industrial leaders from 16 countries. Their report presents 43 case studies of successful cooperation between large and small companies. It also calls on national and European authorities to encourage this process, in particular by reducing administrative costs for SMEs and making it easier for them to access both capital and technology. The report is available in English, French and German from the European Round Table of Industrialists, 113 avenue Henri Jaspar, B-1060 Brussels; tel: (32 2) 534 31 00; fax: (32 2) 534 73 48.

● Research: breaking with the past

In proposing to the Fifteen, on 9 April, a fifth framework programme for research, covering the period from 1999 to 2002, the European Commission has expressed the wish that it represent a break with previous programmes. On the basis of its own guidelines, adopted in February and the suggestions of a group of experts, presided by the former European Commissioner for research, Etienne Davignon, the Commission submitted a programme centred on the needs of companies and citizens. In place of a score of specialized programmes, the Commission is proposing three major theme-based programmes: organic matter and the ecosystem, including the fight against major diseases and environmental protection; the information society and, finally, competitive and durable growth, with 'clean' and 'intelligent' technologies for industry, transport and energy. Three actions would complete these programmes. They would deal with the dissemination and exploitation of results, the training and mobility of researchers and cooperation at the global level.

○ BRIEFLY

Anyone wanting to know their rights as a European Union citizen can still use the Freefone numbers of the operation **Citizens first**, launched by the European Commission. The number for callers in the UK is 0800-581 591; for those in Ireland it is 1-800-553 188. More than 200 000 people have called the various freefone numbers between November 1996, and mid-March of this year. At the same time, over 250 000 Europeans have visited the Citizens first internet site, at the following address: http://citizens.eu.int

In addition to providing practical handbooks and factsheets, Citizens first also offers information on specific personal problems. Callers are guided towards the competent national or local body.

Applications to take part in the **Socrates programme** of exchanges between educational establishments far exceed the resources at its disposal. The European Commission therefore asked the EU Council of Ministers and European Parliament on 21 March to grant an additional sum of ECU 50 million. The programme has a budget of ECU 850 million for the period from 1995 to 1999.

The *Panorama of EU industry 97* was published on 15 April. In addition to an overview of European industry, it contains an analysis of some 200 sectors of manufacturing and service industries. Priced at ECU 130, the work is in two volumes and is available in English, French and German from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

SEEN FROM ABROAD

► Eastern majorities for the EU

If a referendum had been organized last November in the 10 Central and East European countries that are candidates for membership of the European Union, those in favour of membership would have carried the day everywhere. However, the size of the majority varied greatly from one country to another, given the number of those unable to make up their minds. These are among the results of the special Eurobarometer poll, *Central and Eastern Europe* (No 7), published at the end of March. The 'yes' to membership reached a record level in Romania — 80% of those polled, against 2% of 'no' — and in Poland — 70% in favour, 7% against. The corresponding figures for other countries were: Bulgaria, 49 and 4%; Hungary and Slovenia, 47 and 15%; Slovakia, 46 and 9% and the Czech Republic, 43 and 11%. Advocates of EU membership were thinner on the ground in the Baltic States: Lithuania, 35% in favour, 6% against; Latvia, 34% and 13%; and Estonia, 29 and 17%. What prompted the 'yes' vote? For 32% of those polled, it was the idea that EU aid would be a factor for progress; for 26% it was the hope of an improvement in the economic situation; for 15%, the hope of a higher living standard and for 8%, peace, democracy and human rights. In the 10 countries as a whole, 40% of those polled saw their future linked above all to the EU — as compared to 37% last year. Another 17% favoured the United States, some 7% 'other countries of Central and Eastern Europe' and 6% Russia.

▷ IN BRIEF

'Russia, too, is seeking finally to be recognized as a fully-fledged European State; we are also willing to join the European Union', the **Russian President, Boris Yeltsin**, declared in Helsinki on 22 March. He was addressing journalists after his meeting with the Finnish President, Martti Ahtisaari. Russia signed a partnership and cooperation agreement with the EU in 1994, but it still awaits ratification by Moscow and some EU capitals.

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

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