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

Monthly newsletter
ISSN 1021-2353

frontier-free EUROPE

Better coordination of actions in support of SMEs

by Christos Papoutsis, Member of the European Commission

Action in support of small and medium-sized enterprises (SMEs) is now a political priority within the European Union. The Heads of State or Government of our Member States clearly recognised, during their latest European Councils, the potential which SMEs have to create jobs. But provision must be made for SMEs in both the drafting and the implementation of all European policies, and they must be allowed to participate fully in Community programmes.

Achieving these objectives involves the systematic coordination of our activities in favour of SMEs. Substantial progress has already been made in this connection in recent years, as is clear from the European Commission's latest report on this subject, which both updates the 1995 report and offers an overview of Community activities in favour of SMEs. However, we must agree to continue our efforts at coordination; for my part, I plan to do so at the highest level, as president of the group of nine European commissioners with responsibility in the areas which concern business policy.

The report on the coordination of our activities in support of SMEs is based on two priority areas: improvements to their environment and programmes and measures in their favour.

Improving the business environment

In order to improve the administrative, legal, fiscal and financial environments in which SMEs operate, the Commission is paying more attention to their characteristics in the preparation of all Community policies. Coordination within the Commission itself takes full account of the impact on SMEs of draft legislation and work involving several Commission departments. As regards existing legislation, steps have already been taken to simplify the texts relating to the single market.

In order to improve the business environment in general, we have recently set up a special working group, called the Business Environment Simplification Task Force, or BEST. The Commission is also dealing with the financial environment of SMEs. As for the practical questions linked to the transition to the euro, one of the working groups looking into them deals specially with SMEs. In addition, the employment guidelines adopted by the European Council call for the promotion of a new culture of the entrepreneurial spirit in Europe, through its integration into secondary and higher education.

Programmes and supportive measures for SMEs

The programmes and measures in support of SMEs have several priority objectives: access to finance and credit; the development of SMEs in disadvantaged areas; the 'Europeanisation' and globalisation of SMEs; the reinforcement of their competitiveness, access to research, innovation and training; the promotion of the spirit of enterprise and the consideration of environmental questions. The supportive measures implemented in the framework of the European Union's business policy deal essentially with the supply of information to SMEs, on the one hand and, on the other, their adjustment to both the European and international dimensions.

SME participation in Community programmes has increased in recent years. Thus as regards the Structural Funds, the main financial instrument of the Community budget, allocations in favour of SMEs have virtually doubled between the years 1989-93 and 1994-99. The European Investment Bank, for its part, doubled the volume of its global loans in favour of the competitiveness of SMEs between 1993 and 1996. The number of enterprises which benefited also doubled. Meanwhile, 34 % of the activities of the European Investment Fund are now devoted to SMEs. The Commission nevertheless will look at both the obstacles which still prevent SMEs from taking full advantage of the existing measures and the possible solutions.

Admittedly, policy in favour of SMEs is largely the responsibility of the Member States. But the European Commission also plays an important role. Moreover, if political priorities are to be given concrete shape, it is essential to mobilise all those involved.

FEBRUARY 1998 • The text of this issue was completed on 6 January 1998. 2

Increased economic coordination

While preparations for the euro seem well advanced, the Heads of State or Government of the European Union have decided to strengthen the coordination of national economic policies within the EU. Meeting as the European Council in Luxembourg, on 12 and 13 December, they adopted a resolution setting out the principles governing this coordination, and recalling the provisions of the Maastricht Treaty. This reinforced coordination will involve, in particular, the close monitoring of macroeconomic developments in EU Member States, as well as the surveillance of budgetary positions and policies and price trends. It will also involve fiscal policy. The aim will be to prevent loss of control, not only as regards budgetary matters but also in matters of competitiveness and job creation. The European Council is also of the view that the broad direction of economic policy, adopted by EU economic and finance ministers, should provide more concrete and country-specific guidelines than at present. The resolution recalls the central role played by these ministers in the coordination of economic policies at the EU level. While ministers from the Member States participating in the euro may meet separately, the EU Council of Ministers is the only decision-making body. The European Council will announce on 3 May the list of countries taking part in the euro, and the exchange rates between the euro and their national currencies.

Single market in natural gas

The European Union will set up, over a 10-year period, a single market in natural gas, which will offer industrial customers a measure of choice. European Union energy ministers reached agreement on 8 December on a directive setting out the ground rules, pending a final examination by the European Parliament. To begin with, the directive will throw open to competition at least 20 % of the total annual gas consumption. This percentage will increase to at least 28 % five years later, and then to at least 33 % after another five years. The creation of the single market in natural gas will be of interest, to begin with, to electricity generators and industrial customers who use more than 25 million m³ of gas per year. This threshold will be reduced to 15 million m³ per year after five years and to 5 million m³ 10 years after the directive has come into force. The European Commission will be able to grant derogations to certain areas or regions lacking the necessary gas infrastructure. Member States will not be allowed to discriminate between natural gas undertakings, but they could impose public service obligations on these undertakings. The EU market for natural gas has been estimated at ECU 100 billion per year (ECU 1 = GBP 0.67 or IEP 0.77).

THE ENLARGEMENT PROCESS IS LAUNCHED

The new process to enlarge the European Union has begun. The European Council, meeting in Luxembourg on 12 and 13 December, decided to start entry negotiations this spring with six countries: Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia. As regards Bulgaria, Latvia, Lithuania, Romania and Slovakia, the European Commission will establish at the end of each year, starting this year, a report on the preparations they have made for EU membership. Where the outcome of this analysis is positive, the European Commission will recommend to the Council the opening of accession negotiations with the country or countries in question. In the case of all these countries, the accession process will begin on 30 March, with a ministerial-level meeting. The European Council decided at the same time to increase the volume of financial aid for the 11 countries seeking to join the EU, with a view to helping them prepare for membership. A special pre-accession strategy is envisaged in the case of Cyprus. As for Turkey, the European Council has proposed that it take part in a European conference, which will be open to all countries seeking membership which respect the principles of the EU and of international law. Ankara has turned down the EU's offer.

Nineteen guidelines for employment policy

The guidelines for Member States' employment policies in 1998 were adopted by the EU Council of Ministers on 15 December. They flow from the agreement on guidelines reached by the EU Heads of State or Government during their special summit on employment in November. Member States will now have to translate these guidelines into national action plans by 15 April at the latest; the European Council will examine these national plans when it meets in Cardiff in June. The guidelines, 19 in all, centre on four main lines of action. The first — improving employability — includes an undertaking to offer a fresh start to unemployed young people and to the long-term unemployed, and to propose active measures to improve the employability of at least 20 % of the jobless. The second line of action centres on the development of entrepreneurship — by making it easier to start up businesses and create new activities, particularly at the local level and in the social economy, and by making the tax system more employment-friendly. The third line of action is aimed at encouraging businesses and their employees to be more adaptable; it consists of modernising work organisation and raising skill levels within enterprises. The fourth and last line of action is entitled 'Strengthening the policies for equal opportunities'. It covers the combat against discrimination based on sex, the reconciliation of work and family life, return to work after an absence and the integration of people with disabilities into working life.

Customs without frontiers

Reinforcing the fight against illicit trafficking of all kinds, committed in breach of national and international customs provisions, is the aim of a convention on customs cooperation adopted on 5 December by the EU Council of Ministers, and signed on 18 December by the representatives of the 15 Member States. Called Naples II, because it replaces the 1967 Naples Convention, the new convention will make it possible for customs officers from one EU Member State to intervene in another. It provides for three main types of intervention: assistance provided at the request of another EU country, spontaneous assistance and cross-border cooperation aimed at the prevention, investigation and prosecution of serious infringements, such as illicit trafficking in drugs and weapons. In the event of an emergency, customs officers from one EU country

EUROPE INVESTS IN ITS REGIONS (II) ([1])

Jobs for everyone

Unemployment across the EU is high compared with our main competitors, the USA and Japan. Over 10 %, or 18 million Europeans, were out of work in 1997 and suffering the inevitable financial and psychological consequences. In addition to the personal costs, unemployment also represents a huge missed opportunity for society as a whole, as people are prevented from developing their talents and from contributing to their communities.

Even in the most prosperous places, more and more people are becoming excluded from work and, consequently, from social life. Young unqualified people, women, and people with disabilities are all particularly vulnerable. The Community believes that the opportunity for a prosperous future should be open to all, and that growing marginalisation does not bode well for the development of our society.

New employment is being created, but overall the EU is still losing jobs. This task of creating new productive jobs is all the more pressing because in many places the population profile is very young, which means that the workforce is growing and growing.

One of the best weapons against unemployment is a well-educated and highly skilled workforce. This is why a significant portion (30 % in some countries) of the Structural Funds supports education, training, guidance and counselling projects, particularly for those people mentioned above who run the highest risk of unemployment. Both initial training for young unqualified people and continuing training for workers are important in the fight against unemployment.

In addition, the EU supports programmes to identify where new jobs can be found, to explore how to integrate people into working life and into society, and to respond to fundamental changes in the way the job market operates. It is estimated that the Structural Funds will help to create or maintain around 2.4 million jobs between 1994 and 1999.

Investing in infrastructure

European assistance is designed to dynamise the weaker regions. A major part of this work is identifying what is lacking and what can be done to make things better. Comparing existing infrastructure levels can show where investment should be made to raise standards and improve competition.

It is no accident that dynamic economies display similar characteristics. These are advanced levels of physical infrastructure (such as roads, railways, telecommunications and water), a highly educated population, wide availability of training, and heavy investment in research and technology.

Nor is it by chance that the 'lagging' economies all have serious inadequacies in these key areas. Ireland and Greece have a mileage of motorways that is barely 10 % of the Community average, whilst Belgium and the Netherlands are very well served with more than 250 % of the Community average. In 1992, Portugal could only offer 27 telephone lines per 100 inhabitants — only half the number available in the north of the Community.

European money is being mobilised to work on many of these problems. By way of example, between 1989 and 1993, Portugal laid or improved 780 km of rail track, Greece connected more than 280 000 new telephone lines, and Ireland dug more than 250 km of sewers. These projects have done more than just develop infrastructure: they have raised the overall quality of life for many people.

Infrastructure projects also create jobs. For instance, railway projects in Italy will directly create or maintain 37 000 jobs, while the indirect effects will reach 57 000 jobs.

Between 1994 and 1999, 31 % of the Structural Funds will go into infrastructure projects in the poorest regions.

([1]) *The first part of this article was published in issue No 1-1998.*

Boosting the economy by supporting SMEs, innovative technology, and local development initiatives

What else can be done to support economic growth and development? There are many different opinions; however, everyone agrees on the following three points.

First of all, small and medium-sized enterprises (SMEs) must be supported as they are a primary source of both job creation and economic growth. Running a successful business requires more than a great product, however; it requires experience and training in a wide variety of areas. The EU supports SMEs across the Union by helping them develop new products and production methods, encouraging cooperation between them, and providing grants for innovative new projects. Between 1989 and 1993, nearly ECU 10 billion was earmarked from the Structural Funds to support businesses. Sixty-one per cent of this went to those regions suffering from industrial decline.

Secondly, investing in research and technological development (RTD) is essential if companies — both big and small — are to remain competitive. Between 1989 and 1993, 2.7 % of the Structural Funds went to support research and development activities. However, much remains to be done to close the gap between the amount of money each country spends on RTD. For the years 1994 to 1999, the Structural Funds will allocate 4 % of their total budget towards developing the technology potential in the less advanced regions.

Finally, it is extremely important to support local development projects. Partnerships between the private and public sectors, and networks focusing on the exchange of information and experience, are both good ways of solving local problems. The EU has allocated about 10 % of the total Structural Fund budget for 1994-99 for projects designed to stimulate local activity.

Sustainable development for a better quality of life

A clean and protected environment is no longer seen as the enemy of economic growth but as its equal partner. People are rightly demanding greener, cleaner cities, and a wiser exploitation of rural areas.

Environmental projects are very diverse and respond to the different problems faced in each region. Many of the less developed regions suffer from serious deficiencies in waste water treatment and other sewage facilities, as well as inadequate supplies of clean drinking water. Projects supported by the Structural Funds concentrate on these problems so that these areas may develop without causing irreparable damage to the environment.

In those regions with declining industries, actions deal mainly with cleaning up the legacy of old pollution and making a clean urban landscape where new, non-polluting industries can locate.

Rural areas also benefit from environmental projects, such as the production of organically grown produce, the development of 'green' tourism, or the preservation of natural landscapes and habitats.

Environmental protection has also been identified as an area of new employment. Not only are jobs created by building and maintaining environmentally friendly infrastructures, but many jobs can be generated by small eco-businesses which focus on developing new technology and services. So, investing in environmental technology and infrastructure will help create jobs in Europe. Between 1989 and 1993, about 7 % of the Structural Fund budget was spent on direct environmental measures. For the 1994 to 1999 period, that figure has risen to 9 %, equivalent to a staggering ECU 9.446 billion.

For more information, please consult the following sources:

Newsletter

Directorate-General XVI of the European Commission publishes a monthly newsletter called *Inforegio news*, which summarises the EU's main decisions on regional policy. It is available in 11 languages, and is distributed to over 30 000 public and private sector bodies.

Internet website

The European Union's website is called Europa, and can be reached at:
http://www.europa.eu.int/
In-depth information on regional policy can be found at:
http://www.europa.eu.int/en/comm/dg16/dg16home.htm

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KEY FIGURES

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

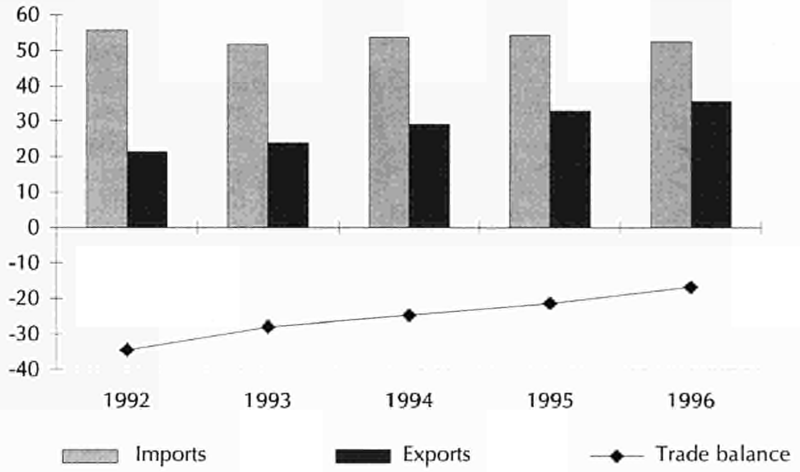
Trade with Japan

Further decline in the EU's trade deficit

The European Union's trade deficit with Japan declined for the fourth year running, dropping from ECU 21.4 billion in 1995 to ECU 16.8 billion in 1996

Imports from Japan fell by 3.3% to ECU 52.5 billion, while exports to Japan rose to ECU 35.6 billion, an increase of 8.4% compared with the previous year.

The EU's trade with Japan, in billion ECU



The EU's trade with Japan, in billion ECU

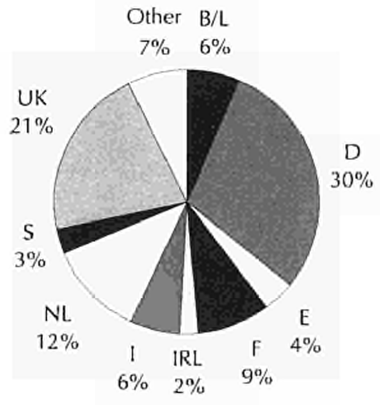
	1992	1993	1994	1995	1996
Imports	55.8	51.8	53.8	54.3	52.5
Exports	21.3	23.8	29	32.9	35.6
Trade balance	-34.5	-28	-24.8	-21.4	-16.8

Almost all the Member States saw their trade balance with Japan improve between 1995 and 1996. The exceptions were Greece and the Netherlands, whose deficits grew by ECU 0.2 and 0.6 billion respectively

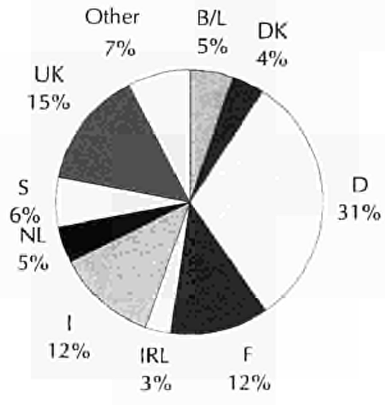
Germany and the United Kingdom accounted for most of the trade between the EU and Japan (30% and 18% respectively). The United Kingdom recorded the biggest deficit (ECU 5.9 billion). Italy, Denmark and Sweden all recorded surpluses.

The EU's trade with Japan, broken down by Member State, in %, 1996

Share of imports



Share of exports



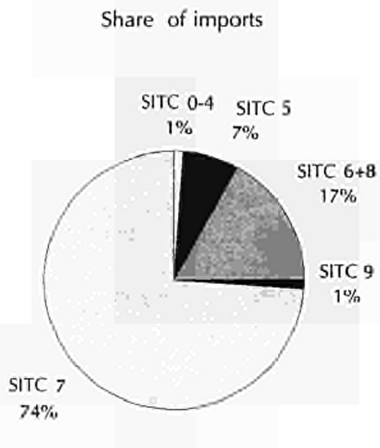
The EU's trade with Japan, broken down by Member State, in ECU billion, 1996

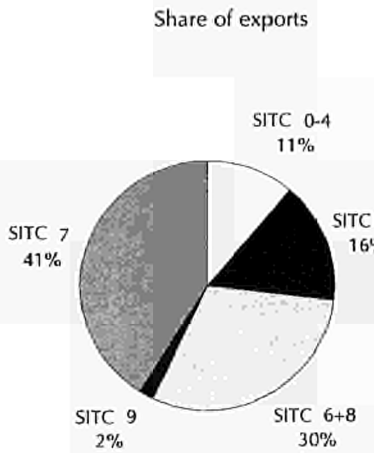
	B/L	DK	D	EL	E	F	IRL	I	NL	A	P	FIN	S	UK	UE
Imports	3.3	0.7	15.5	0.7	2	4.7	1.2	3.1	6.2	0.9	0.6	1	1.5	11	52.4
Exports	1.9	1.3	11.1	0.1	0.9	4.3	1.1	4.4	1.6	0.7	0.1	0.8	2.1	5.2	35.6
Trade balance	-1.4	0.6	-4.4	-0.6	-1.1	-0.4	-0.1	1.2	-4.6	-0.2	-0.5	-0.2	0.6	-5.9	-16.8

Manufactured goods (SITC 5 to 8) accounted for nearly all the trade between the EU and Japan, with machinery and transport equipment alone representing 74% of imports and 40% of exports

The EU recorded a deficit of ECU 24.4 billion in its trade with Japan in machinery and transport equipment. However, it notched up a surplus of ECU 2.9 billion in food products, ECU 1.9 billion in chemicals and ECU 1.5 billion in other manufactured products.

Trade with Japan, broken down by groups of products (SITC Rev. 3), 1996





Trade with Japan, broken down by groups of products (SITC Rev.3), 1996,in ECU billion

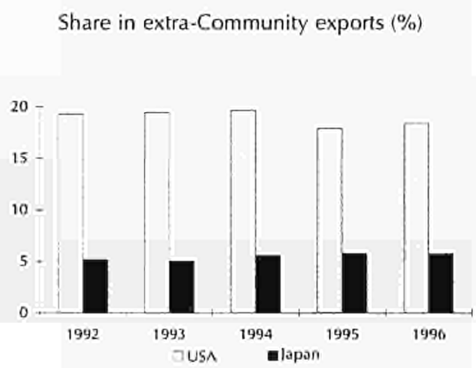
	SITC 0-4	SITC 5	SITC 7	SITC 6+8	SITC 9	Total (0-9)
Imports	0.4	3.5	38.8	9.2	0.6	52.5
Exports	4	5.5	14.3	10.7	0.6	35.6
Trade balance	3.6	1.9	-24.4	1.5	0	-16.8

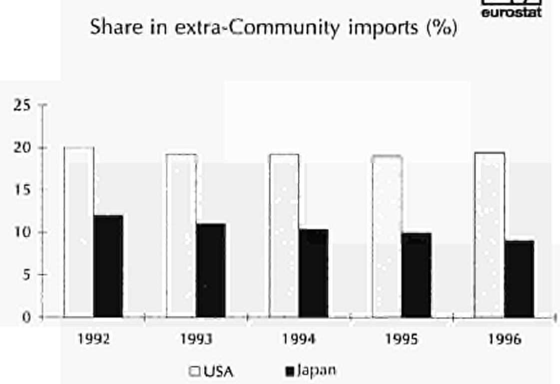
SITC:
0-4: raw materials
5: chemical products
6+8: miscellaneous manufactured articles
7: machinery and transport equipment
9: commodities not classified elsewhere

In 1996, Japan was the European Union's third-biggest trading partner, after the United States and Switzerland, accounting for 7.3% of the total value of extra-Community trade

Japan's share in the EU's imports declined from 10% in 1995 to 9.1% in 1996. Since 1992, the average increase in the EU's exports to Japan has outstripped that of the EU's overall exports.

Japan's share in the EU's external trade





Japan's share of the EU's external trade

	1992	1993	1994	1995	1996
Extra-Community exports (in billion ECU)	411.4	471.4	521.8	570.8	623
of which to the USA (%)	19.3	19.4	19.6	17.9	18.3
of which to Japan (%)	5.2	5.0	5.6	5.8	5.7
Extra-Community imports (in billion ECU)	462.8	470.2	518.6	544.8	579.4
of which from the USA (%)	20.1	19.3	19.3	19.0	19.5
of which from Japan (%)	12.1	11.0	10.4	10.0	9.1

will be able to cross into another, without prior authorisation, when engaged in the hot pursuit of a person caught in the act. The convention also provides for cross-border surveillance, with customs officers from one Member State keeping watch in the territory of another. Officers will also have the right to conduct covert investigations, under a fictitious identity. The convention supplements existing EU customs cooperation provisions.

Regional aid and employment

To reduce regional aid in support of investments which destroy jobs, and to treat all industrial sectors in the same way when monitoring State aid — these are the main objectives of a new system of rules, adopted by the European Commission on 17 December. In practice, the Commission hereafter will only check on regional aid when it finances very substantial capital investments. It will examine files rapidly and will be particularly generous when the aid in question creates more jobs, whether directly or indirectly. The Commission will penalise, however, aid which results in additional production capacity in sectors in surplus or in decline, or which creates or strengthens a monopoly situation. For the present, this new system concerns all industrial sectors other than motor vehicles, steel, shipbuilding and synthetic fibres; these last are covered by specific European rules on the monitoring of State aid. The new system will apply from September, for a trial period of three years, at the end of which time the Commission will decide on whether to extend it to all sectors — or to abandon it.

IN BRIEF

A directive which guarantees **part-time workers** the same treatment and earnings as **those working full time** — according to the number of hours worked, of course — will come into force at the end of 1999. The directive, which implements the framework agreement which European employers' organisations and trade unions concluded in June 1997, was adopted by the EU Council of Ministers on 15 December. It bans the dismissal of a part-time worker for refusing to work full time — and vice versa.

As from the end of 1999, **lawyers trained and recognised as such in one EU country will be able to establish themselves in another** in order to practise their profession on a permanent basis. They will have the choice between: (1) practising under their home-country professional title for an unlimited period; or (2) acquiring the professional title of their host country, after three years of regularly pursuing an activity in that country. A lawyer from the UK, established in Germany, will therefore be able to remain a lawyer or become a *Rechtsanwalt*. Both lawyers and their clients will benefit from the directive in question, adopted by the EU Council on 15 December [1].

Payments made by central banks to the State have no effect on the **public deficit**; this is the view taken by Eurostat, the EU's statistical office, in three decisions announced on 17 December. Eurostat, however, considers that certain modifications in the due dates for tax payments and contributions do have an impact on the public deficit. These decisions will ensure a uniform assessment of the public deficit within the EU, which is one of the criteria set out in the Maastricht Treaty for taking part in the euro.

The Fifteen have agreed to the **mutual recognition and enforcement of judgments in matrimonial matters.** Under the terms of the Brussels II Convention, concluded on 5 December, they have agreed that a judgment given in one EU Member State in divorce proceedings, for example, will be directly enforceable in another. The convention must be ratified by the Member States before it can come into force.

The **international carriage of passengers by coach and bus** is gradually acquiring a European dimension. The EU Council of Ministers decided on 11 December to introduce a Community licence for these services and to liberalise certain of them. The Council also decided to allow cabotage of regular international services, urban and suburban services being excluded, however.

The European Parliament and EU Council of Ministers agreed on 10 December to **increase the budget of the Socrates programme.** With an additional ECU 70 million for 1998 and 1999, the programme will dispose of an extra 20 % each year. This will help bridge, to some extent, the gap between the funds available and the applications for grants. The additional funds should make it possible to increase Erasmus student grants, as well as grants to schools taking part in European exchanges.

As from 1 January 2001 at the latest, persons who consider themselves to be victims of **discrimination based on sex** at the workplace will simply have to establish a presumption of discrimination, in order to have their rights recognised. Under the provisions of a directive adopted by the EU Council of Ministers on 15 December, the employer will have to prove that the principle of equality of treatment had not been violated.

The European Commission announced on 9 December the selection of **nine venture capital funds based in five countries** (Austria, Belgium, Germany, France and the United Kingdom). These funds, which have agreed to invest more than ECU 180 million in all in innovative SMEs, will receive financial backing from the EU for the assessment and management of investments in the context of the pilot project, I-TEC.

The **control of ships in EU ports** will be reinforced shortly, thanks to a directive adopted by the EU Council of Ministers on 11 December, pending its final scrutiny by the European Parliament.

[1] After approval by the European Parliament.

INITIATIVES

Euro: preparations by the Fifteen

As from 1 January 1999, companies will be able to use the euro for their tax returns and payments in at least eight EU countries: Austria, Belgium, Finland, France, Ireland, Italy, Luxembourg and the Netherlands. This possibility will also be open to individuals in six countries: Austria, Belgium, Finland, Italy, Luxembourg and the Netherlands. This emerges from the analysis of national measures for the introduction of the euro, published by the European Commission on 16 December. In addition to the above-mentioned countries, Germany, Portugal and Spain have also adopted plans for the transition to the euro. Information regarding the preparations being made at the national level can be found on the European Commission's Internet site:
http://www.cordis.lu/esprit/src/y2keuro.htm
The Commission announced in mid-December the creation of another euro site on the Internet: it provides answers to 140 questions in the 11 official EU languages. The address is:
http://europa.eu.int/euro/quest/
The same information is also available on CD-ROM, diskette and paper, and will be given to various bodies which represent, advise and inform the public.

International calls cost too much

International telephone charges, both within the EU and outside it, were originally set at a level to cover the costs of putting calls through. But the specialists believe that these charges do not reflect the changes brought about by technological developments — and are probably too high as a result. In order to throw light on the subject, the European Commission decided on 19 December to conduct a survey of the leading telephone companies, such as British Telecom, in each of the 15 EU countries. Under the provisions of the EC Treaty and the European interconnection directive, the amounts which companies charge each other for international calls must reflect the true cost of the service they provide.

THE TRANS-EUROPEAN NETWORKS PROGRESS

Despite difficulties, the trans-European networks are making progress. With the inauguration on 10 December of the high-speed rail link between Brussels and the French frontier, the travel time on this particular section has been cut by 30 minutes. As a result, the journey from Brussels to London now takes two hours and 40 minutes, from Brussels to Paris one hour and 25 minutes and from Paris to Cologne just four hours. The EU has contributed ECU 140 million from its budget for the construction of this particular stretch. Also on 10 December, a Green Paper on the integration of maritime ports into the trans-European network was published by the European Commission. In the energy field the Commission extended aid amounting to ECU 18 million on 9 December; it will help finance 16 preparatory studies for electricity and gas projects. The former are of interest to the British Isles, the Iberian Peninsula, France, Germany and Sweden; the latter interest Austria, Ireland and Spain. Finally, in the telecommunications sector the Commission proposed on 18 December the continuation of the IDA programme, which provides for data exchanges between national administrations. With a budget of ECU 72 million, IDA II (1998-2000) would facilitate the transition to the euro as well as the operation of the single market and keep citizens informed. The proposal stresses the interoperability of national networks.

● Copyright in the electronic age

The directive proposed by the European Commission on 10 December is designed to secure Europe-wide protection for the authors and creators of goods and services offered electronically — on-line or on CDs, CD-ROMs and videodiscs. The text provides for the harmonisation of the rules on the right of reproduction, distribution and communication to the public, including over the Internet. Harmonisation would extend to the legal protection of the systems for combating counterfeiting. The directive would also embody the main obligations flowing from the treaties adopted at the end of 1996 in the framework of the World Intellectual Property Organisation.

● Regional aid with a more European face

Regional aid provided by the 15 Member States should focus on the poorest regions and take employment into account — this is the view taken by the European Commission in the guidelines adopted on 17 December. During the period 2000 to 2006, the areas authorised to receive State aid should go from 46.7 to 42.7 % of the EU population. Investments and jobs which benefit from such aid should remain within the area in question for a period of at least five years. The European Commission proposes to ensure that the areas aided by the European Regional, Social and Agricultural Funds coincide with those in which national or regional aid is allowed.

○ IN BRIEF

The European Commission proposed on 16 December to provide for EU-wide **protection of inventions by utility models,** in order to improve the operation of the single market. This protection, which would last 10 years, would cover new products and processes, excluding biological material and chemical substances.

In order to make clear how the rules of the single market apply to **fairs and exhibitions,** the Commission published on 16 December a communication interpreting the provisions of the EC Treaty regarding freedom of movement and of establishment, and the provision of services.

Preventing telecommunications monopolies from becoming 'super-monopolies' would be the aim of a directive providing for the **legal separation of the cable television services of telecommunications companies.** The European Commission announced on 17 December that it plans shortly to adopt such a text.

SEEN FROM ABROAD

▶ Enlargement viewed by the candidates

Here are some of the reactions to the decisions of the European Council of Luxembourg, expressed on 13 and 15 December. To begin with, those of countries which will begin their entry negotiations this spring: the President of Cyprus, Glafcos Clerides, felt that it was a big step forward, and would benefit all the communities in his country. The Estonian Minister for Foreign Affairs, Toomas Ilves, declared that progress would be slow, but that his country would be among the first to join the EU. For Poland's Minister for Foreign Affairs, Bronislaw Geremek, 'it's the real end of the Second World War', while Slovenia's Prime Minister, Janez Drnovsek, thought his country would respect the Maastricht criteria and be able to join economic and monetary union (EMU) and the EU at the same time. Among the other countries to be included in the enlargement process itself is Bulgaria, whose President, Petar Stoïanov, saw the EU's decision as having an encouraging effect on his country's economic reforms. Latvia's Prime Minister, Guntars Krasts, also saw in the decision further motivation for reform, while the Romanian Minister for Foreign Affairs, Adrian Severin, felt his country would be among the first 'at the end of this race'.

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).

European Commission
Directorate-General for Information, Communication, Culture and Audiovisual Media
Rue de la Loi/Wetstraat 200 — B-1049 Brussels

OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES
L-2985 Luxembourg

Catalogue number: CC-AI-98-002-EN-C