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

Monthly newsletter
ISSN 1021-2353

frontier-free EUROPE

A skilled workforce for the information society

by Pádraig Flynn, Member of the European Commission

The information society will be the main motor for growth over the next 10 years and beyond. If its promise and potential are to be fulfilled, we need a skilled workforce.

The biggest industry in Europe

In the last 12 months employment policy has become *the* EU priority. Last December the EU agreed ambitious employment guidelines. The Cardiff Summit in June approved the first set of national action plans for employment policy based on the four priorities set out in these guidelines. The policy priorities for 1998 are: employability, entrepreneurship, adaptability and equal opportunities, all crucially important to the successful development of the information society. Yet the 1998 national action plans show that Member States are still not taking enough account of information society issues.

Information and communication technologies (ICTs) have an important job creation potential in a wide range of areas. The ICT industry, like any other, is dependent on the input and quality of the workforce. If you have a shortage of the right people in the right skills, the industry will not deliver the expected economic and job growth. And, of course, this will impact on other industries that make use of ICTs.

The Commission has been alert to these dangers. The November Jobs Summit also recognised the importance of these issues, mandating the Commission to report to the Vienna European Council in December on the impact of the information society on employment in the EU.

Some messages are already emerging clearly from the work the Commission has done:

- The information society is the biggest industry in Europe. European consumers and businesses last year spent more on ICT than on cars, steel and aeroplanes together.
- It is growing faster than the rest of the economy.
- It is creating more jobs.
- But we can and must do even better on making the link between ICTs and skills and jobs.

The skills shortage: a long-term problem

ICT firms consistently report that they cannot find enough people with the right skills. Experts have estimated that Europe will require between 1.5 and 2 million new IT professionals just in the next five years. This is a big problem for the US economy, too. US business are desperate to attract skilled workers from other parts of the world. Some say the shortage is a temporary problem. But the rates of growth forecast for electronic commerce, Internet connections and PC penetration suggest that this problem will be around long after all the machines have been adapted to accept the euro and recognise the year 2000. We also need to keep track of the supply of technical courses in universities and other third level institutions. Some Member States are actually cutting back on technical places.

In many sectors, including manufacturing, administration and the service industries, software skills have become as important as more traditional skills. Banking, insurance and finance, business services, transport, storage, retail and wholesale distributive trades are all heavy investors in ICTs. People in all kinds of jobs are having to learn new skills and adapt to new forms of work organisation.

At the European level, we have already started to look at how best we can use existing resources to respond to these challenges. For example, the Employment-ADAPT Community initiative is funding nearly 1 300 information society projects. On a broader plane, EU support is helping to build the capacity of regions to map their own route to the information society.

Skills shortages are a threat, to the ICT professional and to the ICT user. All of us must face up to this problem: Member State governments, industry, individuals and the institutions of the EU. The drive to improve people's employability and capacity to adapt will be successful only if the tools of the information society and the skills to use them are accessible to everyone.

Cross-border road transport operators

Road transport operators throughout the European Union (EU) will soon be able to use vehicles with maximum authorised weights exceeding 3.5 tonnes, in their business in the single market as a whole. A directive adopted by the EU Council of Ministers on 1 October extends EU rules regarding admission to the occupation of road transport operator to this category of vehicle. The same directive also continues the upwards harmonisation in this sector, by providing more stringent requirements as regards admission to the occupation, whether for the transport of goods or passengers. The new rules exclude operators who have been convicted of serious offences against certain transport rules, including those relating to environmental protection. In addition, transport undertakings must have capital and reserves of at least ECU 9 000 (ECU 1 = GBP 0.69 or IEP 0.79) when only one vehicle is in use, and ECU 5 000 for every additional vehicle. The directive also provides for more detailed examination procedures, and introduces a harmonised minimum level of knowledge. Member States will be able to require operators from other EU countries to pass an additional examination covering specific national aspects of the profession. Finally, firms will be required to undergo checks at least every five years, as regards their good repute, financial standing and professional competence.

Legal protection of designs and models

It will soon be easier to market on an EU-wide basis products which are protected by national legislation on designs and models. The EU Council adopted definitively on 24 September, after approval by the European Parliament, a directive which approximates national provisions in this field. The text harmonises the criteria used to determine whether a design or model can be protected, and if so, under what conditions; it also covers the duration and extent of such protection. The text also approximates national laws as regards the rights conferred by the registration of designs and models, as well as the grounds for invalidity or refusal of protection. The directive applies to a broad range of products, including jewellery, machinery, electronic equipment, tools, consumer electronic products, sports equipment, furniture, yachts and cars and their spare parts. As regards the last of these sectors, EU Member States will be able to modify their laws only if it is to improve the terms on which independent producers can manufacture protected designs.

Support for combined transport

In order to encourage the use of combined transport — rail/road or road/inland waterways, for example — the EU Council of Ministers decided on 1 October to grant financial assistance for actions of an innovative nature in this area. A total of ECU 35 million is to be provided from the EU budget for a five-year period. The aim is not to build or improve the existing transport infrastructure network, or to fund technological research, but rather to make use of existing routes situated within the EU, as well as coastal shipping. Routes situated partly outside the EU would also be eligible, under certain conditions. The EU's financial support, given to Member States as well as to natural or legal persons, will be limited to 50 % of the total cost for feasibility studies, and to 30 % of the total cost for innovative actions.

Cleaner cars and petrol

The European Union is getting ready once more to introduce progressively cars and fuels which are less polluting. It plans to do this through a series of measures taken recently and linked to the auto-oil programme. Two directives adopted by the EU Council of Ministers on 17 September, after approval by the European Parliament, will come into force on 1 January 2000. The first of them sets stricter pollution standards for passenger cars and light commercial vehicles, such as delivery vans and pick-up trucks, while the second lays down new quality standards for petrol and diesel fuels. All these standards will be further strengthened in 2005. In addition, all new cars running on petrol will have to be fitted in 2000 with systems for measuring pollution, and this will also apply to models using diesel fuel in 2003. In addition, the firms which are members of the European Automobile Manufacturers Association (ACEA) have undertaken to reduce carbon dioxide emissions from new passenger cars still further by 2008, in order to achieve a 25 % reduction as compared with 1995. For the European Commission, this commitment is in keeping with the competition rules of the EC Treaty on 6 October. It took the same attitude on 25 September with regard to the EUCAR agreement, under the terms of which all the major motor car manufacturers established in the EU had decided to pool a part of their research effort. The agreement covers in particular work on harmful engine emissions, undertaken before the development of commercial products.

Public procurement: appeal and compensation

EU law does not guarantee a firm which has been excluded from a public works contract the possibility of an appeal if the Member State in question refuses it, on the grounds that it has not transposed the relevant European directive into national law. The firm which has suffered a prejudice because of this can, however, obtain compensation through the national courts. A ruling to this effect was handed down by the European Court of Justice on 24 September, in a case brought by the firm EvoBus against Növog, the transport company of Lower Austria. Excluded from a public tender for the supply of buses called by Növog, EvoBus appealed to the Austrian tendering office. But at that time, in 1996, Austria had not yet transposed the EU directive — in force since 1993 — on appeals against public procurement in transport, which was excluded under Austrian law. The matter being referred to the European Court of Justice, the Court held that while the EU directive could not be implemented under these conditions, the Austrian State nevertheless was responsible for the delay vis-à-vis its victims. It should be pointed out that in the EU as a whole public procurement is one of the sectors for which the transposition of EU directives into national law has been the slowest.

HOW IS THE EU RUNNING THE SINGLE MARKET? (II)[1]

Which parts of the single market still need to be completed?

The completion of the single market is crucial to its effective functioning. Key areas where progress needs to be made include:

Completing the single market for the citizen by achieving the full freedom of movement for all people.

Providing a more effective single market for business, especially for small and medium-sized enterprises. A new VAT regime should be established to simplify business life. Company law needs to be brought closer into line so that firms can move more freely within the single market. VAT in isolated sectors such as works of art and passenger transport needs to be harmonised; as do national rules on intellectual and industrial property rights.

The free movement of services is another. Of all the financial services available, only banking services were fully liberalised by the single market deadline of January 1993. Others are now opening up. More broadly, the liberalisation of national monopolies in telecommunications, energy distribution, air transport and postal services is also being studied or has begun. In some cases, e.g. telecommunications and air transport, this process is already well under way. Postal services are more delicate as they play such a key role in rural communities across the Community.

The preparation and construction of the so-called trans-European networks, in transport, energy links and telecommunications, the prospect of the enlargement of the European Union to the east and the need to put the principle of sustainable development at the heart of Community affairs are central to the market's future

What is the Community's competence in competition matters? How does this help regulate the single market?

A single market cannot operate effectively without competition, and competition can only be generated when the same rules apply to everyone. A Community-wide competition policy is therefore an essential buttress to the single market, and is one of the Community's main, and exclusive, tasks. The European Commission, whose job it is to oversee competition matters, has a wide range of powers based on rules laid down in the Treaties at its disposal, which it is continually refining in order to take into consideration new market conditions. Amongst the most important of these powers is the right to make sure that national and regional authorities are not unfairly subsidising domestic industries in breach of the Community's competition rules.

The Commission can also look into business mergers above a particular size to make sure that monopolies are not in the making, and break up and fine cartels abusing their dominant market positions. So, for example, in 1994 the European Commission broke up and fined three major Europe-wide cartels where it discovered clandestine agreements between companies to fix prices or artificially divide the Community, the end result being that competition is minimised, prices increased and consumer choice reduced. In one instance a steel beams cartel was found to have been operating since 1984, involving 17 companies, and implemented via Eurofer, the European steel industry association. Fines totalling ECU 104.4 million were imposed. In another case 23 cement producers, eight national cement associations and their European equivalent were fined a total of ECU 248 million when they were discovered to be agreeing not to sell in each other's home markets.

While trying to ensure fair market conditions for all competitors, political considerations linked to unemployment and regional disparities also have to be taken into account in some cases. Subsidies for national airlines might be one example. This is a sector which has steadily been liberalising in the context of the internal market programme, but traditionally has been under the auspices of State control. Many airlines are loss-making, but provide many jobs, directly and indirectly. Therefore the Commission realises that it is necessary to be less stringent towards aid packages for those ailing airlines which prove their willingness to adapt themselves to the rules of the new internal market. Thus the European Commission has approved aid in some cases, while attaching strict conditions to it.

Is the single market really about big business, and little else?

The single market is not just about big business, although it is fair to say that the business community put its weight firmly behind moves towards creating the single market, and in many cases remain at the forefront of attempts to break down the remaining barriers to trade. This is hardly surprising, given that business has much to gain from freer trade. And of course in theory, the bigger the company, the more it has to gain.

Nevertheless it is vital to appreciate that the single market as it is today rests on the pillars of four fundamental freedoms —the free movement of goods, services, capital, and of people. Although capital and labour were initially concentrated upon, the freedom of movement has since been extended to cover nearly all other citizens. This fact, coupled with the huge variety of other benefits that the Community brings directly to its

1 The first part of this article appeared in issue No 9/1998.

citizens, from European citizenship and social rights to environmental protection and above all peace, demonstrates that business is certainly not the be-all and end-all.

What is the Community doing for smaller companies and research centres?

The Community is actively trying to help smaller companies to take advantage of the benefits on offer as well. However, SMEs are more difficult to cater for, not least as many are quite content to supply their local markets alone. However, for those looking further afield, help is at hand. For one, a series of European information centres have been set up in conjunction with national, regional and local authorities to provide information and technical assistance on the single market. Cross-border partnerships and access to information on public tenders are being facilitated via electronic networks.

There is also the need to increase the access of small businesses to finance for investment purposes and to involve them in the process of drawing up new standards, as well as giving them better access to information on existing standards. As SMEs account for 99 % of registered companies and over 70 % of all private-sector jobs, their demands are now being placed at the forefront of efforts to improve the single market.

The Community is also providing invaluable assistance to thousands of research institutes and university research departments. That European countries spend proportionally less on research and development than their major competitors is of great concern and the Community is ploughing resources into rectifying the fragmented nature of resources and into preventing the unnecessary duplication of efforts between national programmes. ECU 12 billion of Community funds will be spent between 1994 and 1998 in this way. This is an essential component of an evolving Community industrial strategy that will help spearhead Europe's technological revival.

How can Community initiatives in transport benefit the single market? What are the priorities?

Transport is gradually playing an increasingly important part in the single market. It is essential for the free movement of goods and people; by concentrating on the integration of national transport networks, and on the more effective integration of the different types of transport, much can be done to ease congestion on key routes or where environmental problems occur, and ensure the quick distribution of goods.

At present 80 % of carbon dioxide emissions contributing to global warming come from road transport, yet only 4 % of the total amount of goods carried throughout the Community use combined road/rail routes, a clear way of lessening the damage road transport causes. Clearly the Community has a role in encouraging users to use less polluting (and less costly) modes of transport. Hence Community assistance for a wide range of trans-European transport initiatives (part of the so-called 'trans-European networks') such as the Channel Tunnel or the various high-speed train projects currently coming to fruition, all of which personify this shift in emphasis towards high-speed train and rail freight services.

Also, national restrictions against operators from other Member States are being loosened as the single market sees to the liberalisation of the main modes of transport: road, rail, sea, air and inland waterway. Quota restrictions and red tape are disappearing, but this is taking time and limitations remain.

What are the 'trans-European networks'? How are they funded?

The trans-European networks ('TENs') are large cross-border projects in transport, communications and energy distribution. They facilitate the proper functioning of the single market by enabling people, goods and services to move much more freely around the Union. The TENs bring peripheral areas of the Community into easier contact with central regions, assisting their economic development, and help strengthen links between the Community and its neighbours in central Europe and the Mediterranean.

Fourteen priority transport projects have been identified, including a number of high-speed train projects. Some of these are already underway, such as a rail network linking Paris, Brussels, Cologne, Amsterdam and London; in terms of energy, electricity grids and gas pipelines are being interconnected within and between Member States, as well as with neighbouring countries, and new gas supply lines have been or are being built from Russia, Central Asia and North Africa. For communications the new digital technologies are improving connections for business and citizens, and common technical standards are being developed at Community level to provide a more integrated infrastructure.

These are ambitious and costly plans, but ones that form a vital ingredient in the Community's continued integration and in its economic well-being. The European Investment Bank (EIB), the European Union's financing institution, is playing a major role in financing TENs, in particular the priority schemes. Drawing on its long experience of infrastructure investment, the Bank is the leading source of bank finance for major projects in most of the EU member countries. The EIB committed ECU 42 billion for infrastructure between 1993 and 1997, including a broad spectrum of land, sea and air transport links, air traffic control and intermodal freight terminals, conventional, fibre-optic and satellite telecommunication links, natural gas and high-voltage electricity transmission and distribution networks.

Public/private partnerships are also crucial for the TENs' success. Special loan guarantees and interest rate subsidies encourage private investment.

eurostat

KEY FIGURES

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

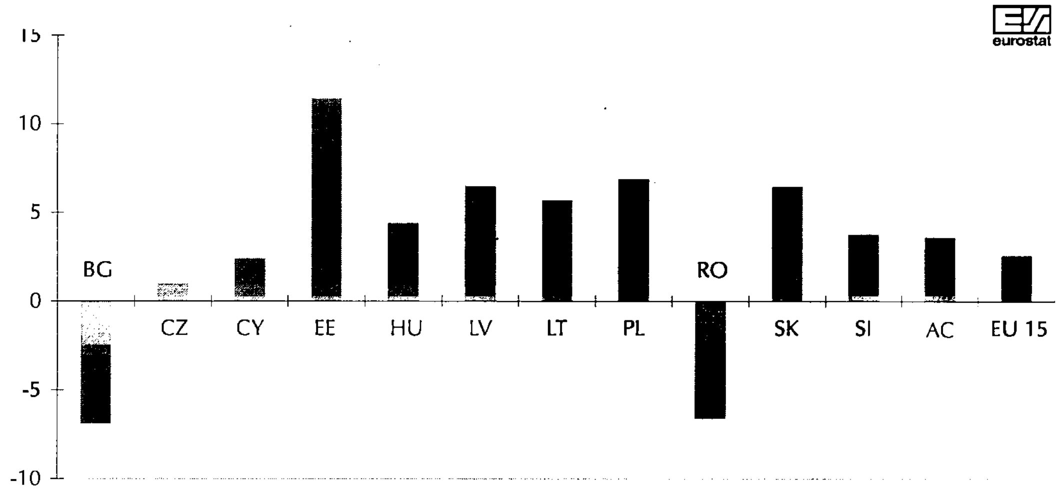
GDP of the applicant countries

Annual growth exceeds that of the Union

The average annual growth in GDP in the applicant countries[1] was 3.6% in 1997, reflecting fairly marked economic growth which exceeded that of the European Union (+2.6%)

Only four countries were below the EU average: Cyprus, the Czech Republic, Romania and Bulgaria, the last of which recorded a drop in GDP for the second consecutive year. In contrast, in 1997 the seven other countries had higher growth rates than the average for the applicant countries.

Annual growth rates of GDP (%), 1997



Annual growth rates of GDP (%)

	BG	CZ	CY	EE	HU	LV	LT	PL	RO	SK	SI	AC	EU 15
1996	-10.1	3.9	2.0	4.0	1.3	3.3	4.7	6.1	3.9	6.6	3.1	4.1	1.7
1997	-6.9	1.0	2.4	11.4	4.4	6.5	5.7	6.9	-6.6	6.5	3.8	3.6	2.6

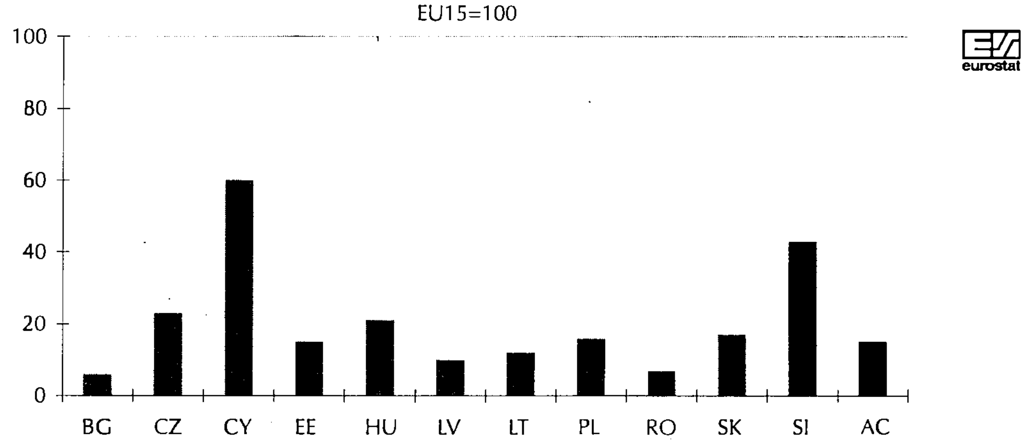
[1] Bulgaria (BG), Czech Republic (CZ), Cyprus (CY), Estonia (EE), Hungary (HU), Latvia (LV), Lithuania (LT), Poland (PL), Romania (RO), Slovak Republic (SK), Republic of Slovenia (SI), Total for applicant countries (AC).

In 1997, the GDP of the applicant countries as a whole at current prices and exchange rates was ECU 303 billion, compared with ECU 7 128 billion for the Union, i.e. 4.3% of the GDP of the Union

Poland had a per capita GDP of ECU 3 100 but accounted for almost 40% of the total GDP of the applicant countries (1.6% of the GDP of the Union). Cyprus and Slovenia had the highest GDP with ECU 11 400 and 8 100 per capita respectively, although they accounted for only 7.8% of the total GDP of the applicant countries.

GDP per capita in ECU, 1997

EU15=100



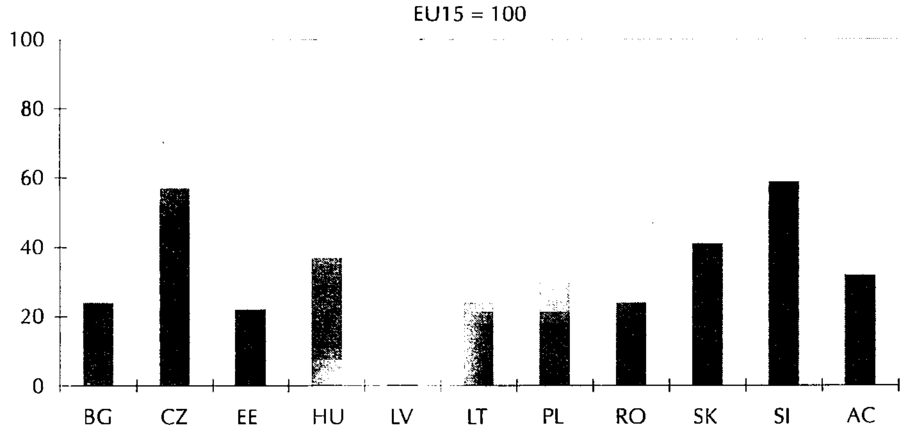
GDP of the applicant countries at current prices and exchange rates, 1997

	BG	CZ	CY	EE	HU	LV	LT	PL	RO	SK	SI	AC
Billion ECU	9	45.9	7.5	4.2	39.6	4.9	8.4	119.7	30.6	17.2	16.1	303
Per capita - in ECU	1 100	4 500	11 400	2 800	3 900	2 000	2300	3 100	1 400	3 200	8 100	2 900
Per capita - EU15=100	6	23	60	15	21	10	12	16	7	17	43	15

The GDP in real terms of the applicant countries expressed in PPS2 was 792 billion in 1997, about 11.1% of the total GDP of the Union. Per capita GDP in real terms was 7 500 PPS compared with 19 000 PPS for the Union, i.e. 40% of the Community average

In 1997, Slovenia had the highest per capita GDP, which at 13 000 PPS was similar to that of Greece, which had the lowest in the EU. Bulgaria's per capita GDP of 4 400 PPS was the lowest among the applicant countries.

GDP per capita in PPS(2), 1997



GDP of the applicant countries at current prices and PPS(2), 1997

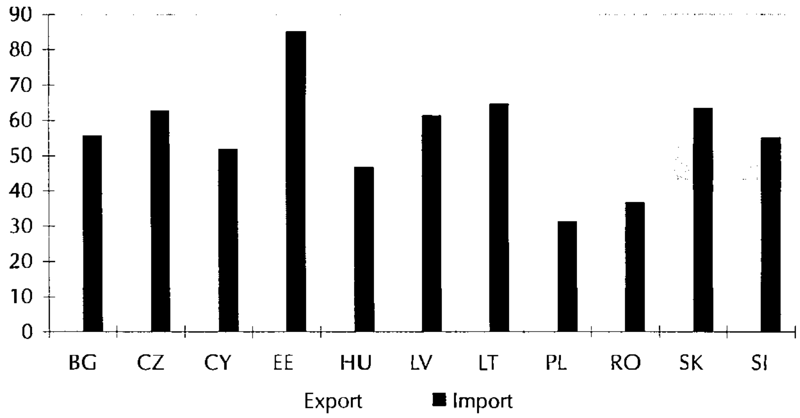
	BG	CZ	EE	HU	LV	LT	PL	RO	SK	SI	AC	EU15
Billion PPS	36.7	123.8	10.3	90.3	12.7	21.3	291.2	131.8	48.2	25.8	792	7 128.2
Per capita, in PPS	4 400	12 000	7 000	8 900	5 100	5800	7 500	5 800	8 900	13 000	7 500	19 000
Per capita - EU15=100	24	57	22	37	18	24	31	24	41	59	32	100

(2) For international comparisons, Eurostat prefers to express the GDP of each country in purchasing power standards (PPS), which eliminates the effect of price differences between countries.

In 1997, the share of the final consumption of households in the GDP of the applicant countries ranged from 50% in Slovakia to 75.4% in Romania. These figures are very similar to those for the EU, which ranged from 52.1% (Ireland) to 72.4% (Greece)

With regard to gross fixed capital formation as a percentage of GDP, Bulgaria's share was very small (11.3%), while that of Slovakia was almost 40%, a very high figure compared with the 25.6% recorded by Portugal, the Member State with the highest share of GFCF. As for external trade, all the countries except Bulgaria had a negative trade balance.

GDP aggregates (%) — External trade, 1997



Main GDP aggregates (%) — 1997

	BG	CZ	CY	EE	HU	LV	LT	PL	RO	SK	SI(3)
Final consumption of households	71.8	51.4	62.2	57.3	51.2	65.2	67.1	65.5	75.4	50.0	57.3
GFCF	11.3	30.7	18.2	26.5	22.3	18.7	22	20.8	19.2	38.6	22.5
Exports	61.3	57.6	46.1	72.9	46.4	56.2	54.6	26.4	29.7	56.4	54.3
Imports	55.7	63	51.9	85.2	46.9	61.4	64.8	31.5	36.7	63.5	55.2

(3) 1996.

IN BRIEF

from 1 July 2000 all new commercial vehicles will have to be fitted with a recording device — **a fully digital tachograph** and a printer — under the terms of a regulation adopted by the EU Council of Ministers on 24 September. The device will record the activities of all drivers of the vehicle in question, and store them for one year. Drivers will have their own microprocessor cards, which will record all their activities, particularly driving time and rest and work periods, irrespective of the vehicle they have been driving.

Safe ***in vitro* diagnostic medical devices** can be marketed freely throughout the EU as from the spring of 2000, thanks to a directive adopted by the EU Council on 5 October. These devices are used for medical examinations of samples taken from the patient, in order to test for pregnancy, diagnose illnesses and monitor the patient's response to treatment. Some of these devices are on sale to the general public. The directive sets out the requirements which manufacturers must meet in order for these devices to be marketed, and the assessment procedures they must follow.

In order to take account of the traditional foodstuffs of the EU's newest Member States — Austria, Finland and Sweden — the European Parliament and EU Council decided to **extend the list of authorised food additives.** The directive, adopted on 28 September, both modifies an existing regulation and adapts it to scientific and technical developments. Both colours and sweeteners are excluded from its scope.

EU Member States will have to exempt definitively, by 1 January 2000 at the latest, VAT **on gold acquired for investment purposes,** under the terms of a directive adopted by the EU Council on 12 October. The directive covers pure gold bars and coins only. At present Member States can exempt operations covering gold for non-industrial uses only under a temporary derogation. The new directive should make the EU market for gold more competitive at the international level. It contains provisions aimed at preventing fraud, which the dual-purpose nature of gold can give rise to.

An employee whose previous employer has refused to give **references,** because of a court case brought in order to secure compliance with gender equality, has a right of appeal. In giving its ruling, the European Court of Justice upheld the principle of an appeal and found in favour of Belinda Jane Coote, who had been dismissed by the UK firm, Granada Hospitality, because she was pregnant.

As from the fiscal year 2001, bodies responsible for insurance surveillance will have additional means at their disposal for assessing the solvability of firms from this sector which belong to a group. This additional surveillance is provided for in a directive adopted by the EU Council on 13 October, following its approval by the European Parliament.

The holder of an **exclusive rental right** can prevent copies of a film from being rented out in an EU Member State, even if the film is available for rental in another EU country. The European Court of Justice ruled to this effect on 22 September, in a case involving the association of Danish videogram distributors and a Danish firm over the rental in Denmark of films from the UK.

The income from an indirect privatisation, paid by a public holding to a State as tax, cannot reduce the **government deficit.** A decision along these lines, taken on 19 October by Eurostat, the EU's statistical office, is of particular concern to Portugal, but it also applies to all EU Member States in a similar situation. The decision thus specifies the criterion of government deficit, essential for European economic and monetary union (EMU).

EU rules are not an obstacle to a national regulation which requires the public authorities to approve **the rates for the transport of goods by road.** A ruling to this effect was handed down by the European Court of Justice on 1 October, in a case involving two Italian firms.

INTERNAL MARKET: AND WHAT ABOUT 1999?

The implementation of the directives needed to complete the European single market is making good progress. As of mid-September only 15.4 % of these directives were still not being implemented in all 15 EU countries, as compared with 35 % in June 1997. They remained a dead letter, in other words, in at least one Member State. But some EU countries must try harder if they are to reach the goal set by the European Council, of implementing all the directives in question before 1 January 1999. Denmark and Finland are in the lead here, with 1.2 % and 1.3 % respectively of directives still awaiting to be transposed into national legislation. At the other end of the spectrum are to be found Belgium, with 7.2 % of directives, or 117 texts, to be transposed; Italy with 6.8 % or 110 texts; Luxembourg, 6.3 % or 105 texts and Portugal, 6 % or 110 texts. In the face of this situation, the EU Council of Ministers asked the other Member States on 24 September to give 'the highest priority' to the complete implementation of single market directives, and to keep to the timetables and deadlines in order to make up for lost time.

● Employment guidelines for 1999

In the EU last year 60.5 % of people of working age were employed, as compared with 74 % in the United States and 64 % in the EU of 20 years ago. This situation presents both economic and social problems, according to a European Commission report on employment rates published on 14 October. The trend must therefore be reversed by creating jobs in the services sector and reducing the gap between men and women. The fact is that all EU Member States have taken measures to increase job prospects, particularly for the long-term unemployed, as the Commission notes in another report, this time on national employment plans for 1998. With a view to the European Council, to be held in Vienna in December, this report sets out 10 examples of good practice, particularly the UK's 'new deal' for young people, France's 'New services, new jobs' programme and Luxembourg's training/introduction to business scheme. With this as its starting point the Commission, in the third and last of its reports, takes the view that the four key elements of the 1998 employment guidelines are equally valid for 1999. They are: capacity for professional integration; spirit of enterprise; ability to adapt and equality of opportunity. The report therefore simply proposes adjustments the EU countries must make. They include: measures to make it more attractive to take up a job or undergo training; continuing training, especially in the information technologies, and special provisions for the disabled and ethnic minorities.

● The euro and trade: a logo ...

As from 1 July 1999, shops in the 11 EU countries making up the euro area will be able to display a European logo, if they so wish. The logo shows the word EURO in yellow, against a dark blue background, as well as a smiling, stylised face, in dark blue against a light blue background. The logo, which was prepared at the impetus of the European Commission and presented on 8 October, will testify to the undertaking given by shops to respect the six principles negotiated by business organisations, particularly those representing small and medium-sized enterprises (SMEs), and consumer organisations. The aim of the operation is to ensure that the dual display of prices, in euro and national currencies, is properly carried out. The shops taking part will have to abide by the rules drawn up by the EU for converting and rounding off amounts, and not make additional charges if a customer decides to pay in euro. They will have to provide precise information on the formalities for introducing euro, and provide dual pricing for some items to begin with, and for the majority of goods on sale by 1 July 2001. Contrary to the other commitments, which must be honoured from 1 January, those relating to dual pricing could be put off until 1 April, given that the value of the euro will not be known until 1 January 1999. Finally, shops will have to train staff in the use of the euro, and to let customers know whether they accept euro themselves, by displaying the words 'Payments accepted in euro' above the logo. Compliance with the commitments entered into will be monitored by committees on which shops and consumers will be equally represented at the local level.

● ... and a practical guide

In order to help shops prepare for the euro, the Association for the Monetary Union of Europe (AMUE) has edited a practical guide with the support of the European Commission. Published in mid-September, the 48-page guide is available in English, French, German, Italian, Spanish and Portuguese. It explains the various aspects of the euro for trade, from the official timetable to accounting and consumer information. The guide can be consulted on the Internet (http://www.amue.org). A free copy can also be had from AMUE. Fax (33) 1-45-22-33-77. Address: 26 rue de la Pépinière, F-75008 Paris. Ask for 'A guide to the euro for shops' and specify the language you want.

○ IN BRIEF

With the ending on 1 January 1999 of duty-free sales to those travelling within the EU, **VAT** will be levied **on board ships and aircraft** at the rate in force in the country of departure. The **excise duties** on tobacco and alcoholic beverages will be those in force in the country in which the goods were loaded on to the boat or aircraft. The rates which will be applied at airports and at the terminals of the Channel Tunnel will be those in force in the country in which they are located. These clarifications were given by the European Commission on 2 October, following a meeting with representatives of the 15 Member States.

As from the opening of foreign exchange markets on 4 January 1999, the **Danish crown** will take part in the second European exchange rate mechanism with a margin of fluctuation of +/- 2.25 % in relation to the euro. The Greek drachma will take part in the same mechanism, but with a margin of +/- 15%. In both cases, the finance ministers of the 11 countries of the euro area, and the European Central Bank, reached an agreement on 26 September with their Greek and Danish counterparts.

Distance sales and purchases, particularly on the Internet, of shares, bonds, insurance contracts and financial services will be possible, on an EU-wide basis and with a high degree of consumer protection, if the European Parliament and EU Council of Ministers adopt a directive proposed by the European Commission on 14 October. The text largely seeks to extend to financial services the consumer protection measures to be found in other sectors.

More than **100 short-term indicators on economic and monetary union** have been available since 21 September on an Internet site (http://europa.eu.int/eurostat.html), at the initiative of Eurostat, the EU's statistical service. The topics covered range from inflation to foreign trade, and include industrial production and public finance.

In keeping with the latest scientific evidence, the European Commission proposed on 14 October to reduce the **maximum authorised limits of pesticide residues in baby foods.** The proposal would bring EU standards into line with those in force in Austria, Belgium, Germany and Luxembourg. It provides for a ban on products which do not meet these standards from 31 December 2001.

The EU Council examined on 12 October the first national stability programme, that of **Finland.** Such programmes are designed to maintain, even improve, the economic conditions which allow a country to take part in the euro. The Council at the same time examined **Greece's** convergence programme, the aim of which is to enable that country to take part in the euro as from 1 January 2001. This programme, covering the period 1998-2001, provides for a fall in inflation rates and the correction of public finance imbalances.

SEEN FROM ABROAD

▶ Bratislava moves closer to the EU

Mikulas Dzurinda, head of the Slovak Democratic Coalition (SDK) party, which won the general elections held on 26 September, declared the following day that one of his priorities would be to ensure his country's return to the group of countries which are the chief candidates for EU membership. The SDK received 58 % of the votes, as compared with 27 % for HZDS, the party of the outgoing prime minister, Vladimir Meciar, in power since 1994. Mr Dzurinda stated that he hoped to reset his country on the rapid road to integration with the West. Slovakia, a candidate for membership, was not included in the list of countries that will negotiate with the EU as from this year, because of the unsatisfactory operation of Slovakian democracy.

**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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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-98-010-EN-C