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frontier-free EUROPE

The euro and stronger competition

by Karel Van Miert, Member of the European Commission

The completion of economic and monetary union (EMU) provides the best of frameworks for the most effective possible interplay of competitive forces. The adoption of a single currency in an increasingly integrated market generates factors that will speed up the competitive process.

Integration and restructuring

Monetary union will enable European businesses to eliminate the risks and costs inherent in currency fluctuations which still influence their decisions when it comes to investing or entering non-domestic markets. It will also help to bring down the overall cost of intra-Community trade by reducing the transaction charges that are still included in exchange costs. As a result, European businesses will be encouraged to trade more within the Union. Competition will be greatly stimulated by this trend towards market integration.

This development is likely to trigger much-needed restructuring in certain economic sectors. The Commission will have to keep a particularly watchful eye on mergers and on State aids requested as flanking measures.

There is likely to be an increase in the number of mergers, just as there was when the single market was created. There were already signs of this happening in 1997. The Commission will be especially vigilant in the face of emerging oligopolies, as these may lead, in some situations, to anti-competitive behaviour.

Those economic sectors which are suffering from chronic structural problems and which will have to restructure in order to tackle stronger competition will doubtless be tempted to seek government support to ease the immediate constraints stemming from the completion of EMU. The Commission will have to monitor scrupulously compliance with the Treaty rules on State aid, inasmuch as the resulting distortions of competition will necessarily be amplified in a bigger, more integrated market.

A downward convergence of prices

The single currency will lead to greater price transparency throughout the European Union. It will make it possible to compare the prices charged in each Member State using a common yardstick, the euro. Trade between Member States, including parallel trade between distribution networks, will thus be stimulated because purchasers will be able, for one and the same product, to base their choice on the price differentials between European producers without worrying about the impact on the final price of currency movements or transaction costs. This will necessarily lead to a downward convergence of prices.

Such a sharpening of competition might provoke a defensive reaction on the part of certain traders who may be tempted to delay or slow down the process rather than make the necessary effort to adapt to the new situation. It will be for the Commission to act against such traders and the Member States protecting them and to take a very strict stance towards them, inasmuch as their anti-competitive behaviour or the aid they receive will, in a highly integrated market, have a very strong impact in terms of economic inefficiency.

As a harmonising factor, the single currency will highlight the differences between national tax and social security systems. This will weigh heavily in decisions to allocate capital and hence on the economic efficiency of such decisions. A number of Member States have accordingly asked the Commission to review its policy on State aid in the form of tax concessions in order to combat 'fiscal' distortions of competition injurious to monetary union. Others are calling for a minimum of harmonisation in the social security field.

In any event, I am certain competition policy can be expected to play a federating role in the years ahead.

DECISIONS

Euro: conversion rates

The European Union Council of Ministers was set to meet on 31 December 1998 in order to fix the conversion rates between the European single currency and the currencies of each of the Member States joining the euro area, on the basis of a proposal from the European Commission. The basis of the decision was the market value of the ecu, as determined by the central banks on the morning of 31 December by teleconference. It will be remembered that the value of the euro was fixed on the basis of EUR I being equal to ECU I, the European currency unit, which is now replaced by the euro.

The ECB is ready for the euro

The powers of the European Central Bank (ECB) were strengthened, and its area of action extended, thanks to the three regulations adopted by the EU Council on 23 November. The regulations increase the efficiency and credibility of the ECB, in place since July 1997. Under the first of them, the ECB can impose minimum reserves on banks in the euro area. The nature and scale of these reserves are defined by the regulation. What is more, the ECB has the right to impose financial sanctions on banks which do not comply. The second of these regulations deals with the statistical data which the ECB must collect from the institutions and organisations of the countries in the euro area. It specifies the information to be obtained, and gives the ECB the power to check it for accuracy and, once again, impose sanctions on those bodies which fail to carry out their obligations. The third regulation sets out the rules the ECB must respect when imposing sanctions, where it has the power to do so. The upper limit for fines shall be EUR 500 000 and for periodic penalty payments EUR 10 000 per day of infringement. The European Court of Justice shall have jurisdiction over any disputes concerning sanctions.

Exchanging data between administrations

The administrations of the 15 European Union countries should be able to communicate more easily with one another, and with European institutions, thanks to a more extensive and improved telematics network. This is the goal of the second phase of the programme for the electronic interchange of data between administrations (IDA), approved by the EU Council on 27 November, prior to a final examination by the European Parliament. The first phase of the programme ran from 1995 to 1997. The second phase will last five years in all. Until the year 2000, it will consist of two parts: (i) defining objectives, priorities and key measures and identifying projects of common interest; and (ii) ensuring the interoperability of the national networks. The first part will have a budget of EUR 38.5 million, and the second part a budget of EUR 33.1 million.

Better cross-border mail

Cross-border mail should soon be delivered more quickly throughout the European Union. The European Commission announced on 1 December that it intended to authorise an agreement between 12 national postal operators which entails a sharp increase, by 2001, in the sums which they pay one another (the so-called terminal dues). In order that the agreement be acceptable under EU competition rules, the Commission demanded a substantial reduction in the time taken to deliver cross-border mail. As from next year, more than 90 % of it should reach the addressee within one day after it has reached the country of destination at the latest.

A 'green' Eurovignette

A new Eurovignette for lorries will be in force throughout the European Union from 1 July 2000, under provisions which the EU Council approved on 1 December, but which still await examination by the European Parliament. For the first time, at the European level, 'clean' vehicles will pay less to use public highways. Lorries with three axles will be charged from EUR 750 to EUR 960 per year, and those with four axles from EUR 1 250 to EUR 1 550, depending on their pollution levels. The daily rate has been fixed at EUR 8 for all categories of lorries.

State aid: procedural reforms

The procedures under which the European Commission checks State aid to companies will soon become clearer and more efficient, thanks to a regulation which the EU Council approved on 16 November, but on which the European Parliament has still to give its opinion. The text has a twofold purpose. On the one hand, it codifies current procedures resulting from Commission practice and the rulings of the European Court of Justice, and, on the other, it reinforces the checks carried out by the Commission. The latter will thus be able to ask for the suspension, in certain cases, of aid granted without its authorisation, or to order the provisional repayment of such aid at once. The Commission will also be able to inspect companies when it has serious doubts as to whether one of its decisions is being implemented. In such cases, it will be assisted by the authorities of the country in question.

☐ IN BRIEF

The European Union Council and the European Parliament reached an agreement on 24 November on two measures, to come into force on 1 January 1999, which seek **to adapt the EU budget to the euro**. The budget will no longer be implemented in ecus but in euro, and it will be possible thereafter to implement sanctions against participating Member States found to be running excessive deficits.

The arrival of the euro on 1 January 1999 will leave untouched **the exchange rate agreements between France and 15 African countries**. In taking this decision on 23 November, the EU Council specified that the French Treasury must guarantee convertibility at a fixed parity between the euro, on the one hand, and the CFA (African Financial Community) and Comorian francs, on the other.

Euro area countries will be able to issue **euro collector coins** — of a commemorative or other nature — but not before 1 January 2002, according to a decision of the EU Council taken on 23 November. These coins, which will be legal tender in the country of issue, will have to be readily distinguishable from euro coins issued for everyday use.

The existing **cooperation between police and customs officers of EU Member States** will be continued, and even strengthened, thanks to a new series of 51 projects, selected by the European Commission in early November, in the framework of the OISIN programme, and financed through the EU budget. The projects deal, in particular, with the fight against trafficking of all kinds and terrorism. They make use of the latest technologies for combating crime. Thanks to past OISIN projects, it has been possible to break up criminal rings.

As from the end of spring 2000, all EU Member States will have to ban the manufacture, import, sale, rental or possession for commercial purposes of illicit devices which allow unauthorised access to **encrypted services**.

THE IMPORTANCE OF TRADE MARKS FOR THE ECONOMY

Office for Harmonisation in the Internal Market (trade marks and designs)

Trade marks are of primary importance for industry in a market economy. Without them competition would not be very transparent, and even non-existent in some cases. In fact, it is difficult to imagine a market without brands. How could the consumer decide which products to buy if they all had the same colour, shape and packaging?

A genuine market economy needs brands and a trade mark law to protect them.

A company's goods and services must be visible on the market. If there were no trade marks and no trade mark protection, the market would not function efficiently, because the consumer would be helpless. A market without protected brands is a market in which firms cannot guarantee the origin of their products to consumers. Price becomes the decisive factor, since the consumer has no other criteria on which to base his or her choice. Quality suffers because it has little or no market value.

Trade marks are essential elements, therefore, of an innovative market. Instead of having only 'grey' products, they ensure colour, novelty, creativity, quality and invention, because they can be rewarded by the market. Trade marks make it possible for industry to communicate with the public. They enrich and enhance the consumer's relationship with the goods and services he or she buys, by associating distinctive values with them. Without a solid trade mark law and the effective protection of distinctive elements, there cannot be a sound and proper market economy. Competitors must be able to secure for their own brands the consumer's confidence, and be protected against counterfeiting or other unfair competition.

For all these reasons, trade marks are one of the main elements of a company's strategy. This is evident if one looks at some key figures. Thus, more than three million national trade marks are registered in the industrial property offices of EC Member States. Moreover, trade marks are a company's key asset. Their book value can be substantial. The most well-known trade marks can be worth several billion euro.

The Community trade mark

The territorial scope of trade mark law, like that of all industrial property legislation, is very strictly limited. If a trade mark is protected in a given country, this does not mean that it is automatically protected in another country. This also means that normally the law of a given country will not take into account the protection, or non-protection, of a particular trade mark in another country. This situation is contrary to the idea of a single market.

The EU constitutes the most important integrated market in the world, with its 370 million people and high living standards. However, in order to make a genuine internal market possible, the EU legislator had to create a Community-wide instrument to protect trade marks.

It was only after many years of difficult negotiations that the Council of Ministers adopted Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark. In doing so, the Council created a unitary trade mark for the EU internal market, administered by a new trade mark office located in Alicante, Spain. Applications can be submitted to the office in any of the 11 languages of the EU. However, the office as such works in only five languages: English, French, German, Italian and Spanish.

Main characteristics of the EC trade mark

The EC trade mark is a registered trade mark, which cannot be acquired simply through use.

It can be used for either products or services and may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of another. This definition is a particularly wide one. Therefore, enterprises will be in a position to use all sorts of signs to distinguish their products or services from those of their competitors.

The EC trade mark confers on the proprietor an exclusive right, which enables him or her to prevent all third parties not having his or her consent from using the sign in the course of trade. The prohibition covers identical signs or similar signs used by a competitor for the same type of product as that for which the trade mark is registered. In the case of trade marks which have a reputation in the Community, this protection is even extended to products and services for which the trade mark is not even registered. Such is the case if this use would cause an unfair advantage or would be detrimental to the character or reputation of the Community trade mark. The protection conferred on the EC trade mark is thus great and very efficient.

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To these elements must be added the fact that the EC trade mark is valid and protects the trade mark proprietor throughout the EU. There cannot be EC trade mark protection only in a part, however large, of the EU.

The advantages of the EC trade mark

The EC trade mark has several very important advantages, notably that of simplicity. By means of a single application, made at one location, protection can be obtained for the entire EU. The application and registration proceedings can be in the applicant's own language, since all 11 EU languages can be used. All these operations can be handled by a single representative, if one is needed.

Not surprisingly, the cost of protection through the EC trade mark is much lower than the total cost of applying to the different Member States or Benelux countries. The official fees for EC trade mark protection are very reasonable. The fees for the application and the registration of a normal trade mark for three classes is EUR 2 075, as compared with the total of the national fees of around EUR 3 500. Moreover, the formalities are fewer as compared with a number of national systems, and communication is made as easy as possible — fax, e-mail, ordinary mail, etc., can be used.

However, the main advantage of the EC trade mark is that it takes into account existing national systems. This can be explained in the following way. When a company applies for an EC trade mark, it can at the same time consolidate its trade mark holdings on a national basis by means of a claim of seniority. This means that when applying for the EC trade mark, the company notifies the office in Alicante of the fact that it already holds national trade marks, the rights to which it intends to maintain. The seniority claim allows the company to maintain these rights without having to continue to pay the national fees. Should it decide to give up its EC trade mark in the future, the company can fall back on its national trade marks and maintain their seniority.

Because of this incorporation of the EC trade mark into the existing national systems, an application for an EC trade mark is always a good move — and at minimal cost.

It must also be stressed that the rights granted by the EC trade mark can be maintained by genuine use in only one EC Member State. In other words, one does not need to use the EC trade mark throughout the EC; use in a single Member State is sufficient. The Community trade mark is therefore a valid instrument even for small enterprises which do not wish to market their goods or services as a whole.

The EC trade mark is assignable in whole or in part, and licences, exclusive or not, are possible. This industrial property right is thus an important asset for companies.

The unitary system of the EC trade mark makes for easy enforcement against infringement and civil actions before Community trade mark courts, their judgments having Community-wide jurisdiction. Thus, a favourable ruling against a counterfeiter in any of the European Union countries will be enforced throughout the European Union. This represents a considerable advantage over national trade mark protection, where such cross-border enforcement of a judgment can never be fully obtained.

The EC trade mark: a success story

The Office for Harmonisation in the Internal Market (trade marks and designs) was officially opened on 1 April 1996.

Since then the office has received more than 100 000 applications for EC trade marks. This is far more than the original estimates. The applications have come from more than 100 countries and territories. Clearly businesses around the world have recognised the importance of the EC trade mark, and regard it as a major opportunity for their future.

Given the EU's forthcoming enlargement, the EC trade mark will pave the way for a more efficient and diverse market not only in the EC but also in Europe at large. The wider European market will therefore be a safer and better place for busines. It is now up to businesses to take full advantage of this new situation.

KEY FIGURES

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

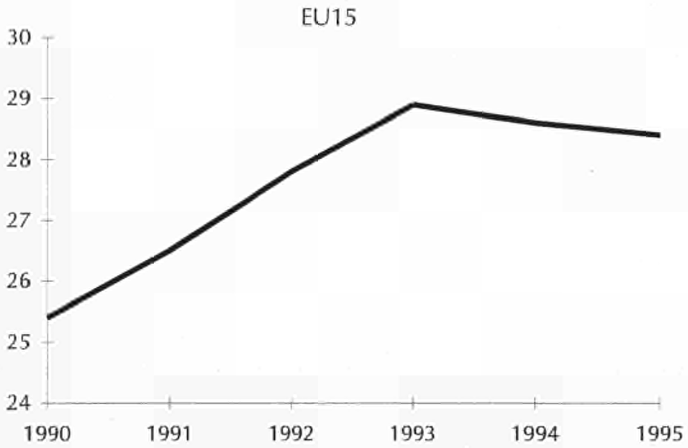
Social protection in the European Union

A slight drop in spending

Following a marked increase between 1990 and 1993, EU15 expenditure on social protection expressed as a percentage of GDP fell slightly during 1995 from 28.6% to 28.4%

Spending on social protection has fallen in almost all EU countries since 1993. Only in Belgium, Luxembourg, Germany and France has there been a percentage increase. Greece and Portugal spent the least on social protection in 1995 (20.7% of GDP), while Sweden (35.6%) and Denmark (34.3%) spent the most.

Change in spending on social protection as a percentage of GDP, 1990-95



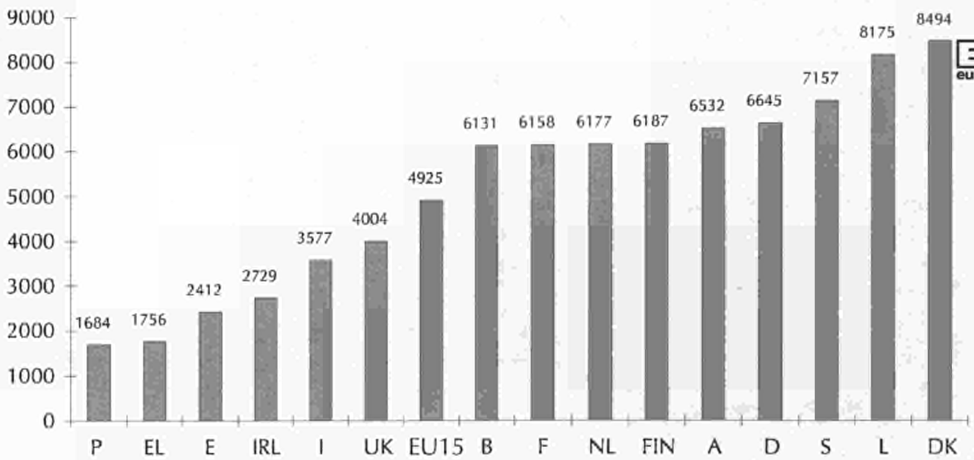
Expenditure on social protection as a percentage of GDP

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15
1990	26.6	30.3	25.4	22.6	19.9	27.7	19.1	24.1	23.5	32.5	26.7	15.5	25.5	32.9	23	25.4
1995	29.7	34.3	29.4	20.7	21.9	30.6	19.9	24.6	25.3	31.6	29.7	20.7	32.8	36	28	28

The differences between countries are more marked if expenditure per capita is considered. Average spending on social protection in the EU in 1995 was ECU 4 925 per capita

Nine countries had above-average per capita expenditure. Denmark took the lead with more than double the average (ECU 8 494 per capita), followed by Luxembourg (ECU 8 175 per capita). Portugal spent the least (ECU 1 684 per capita).

Per capita expenditure on social protection in ecus, 1995



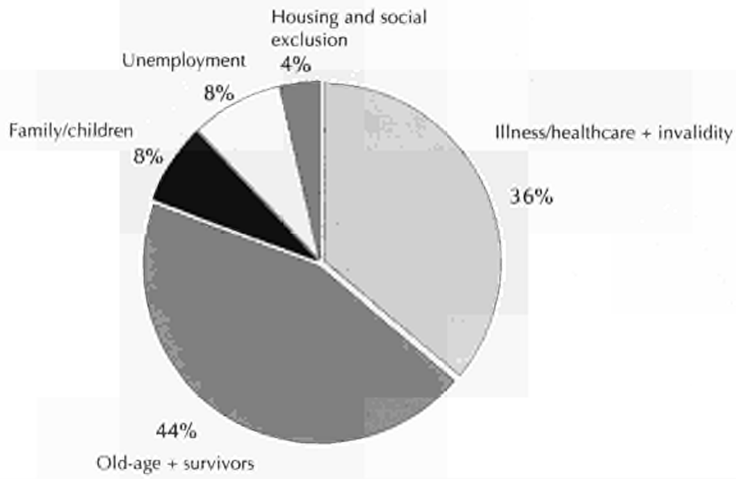
Per capita expenditure on social protection at constant price (1990 = 100)

	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15
1991	103	105	96	95	109	103	106	105	108	101	104	112	108	100	108	103
1995	120	122	110	95	118	114	131	107	129	101	117	151	120	104	128	115

In most Member States, the single largest item of social protection expenditure was on old-age and survivors' pensions, which on average accounted for approximately 45% of benefits in EU15 in 1995

This was particularly the case for Italy, where more than 60% of spending was in this category. There were, however, big divergences between Member States in terms of their expenditure on unemployment. Unemployment payments accounted for more than 14% of all benefits in Belgium but less than 3% in Italy.

Expenditure on social protection by category of benefits in EU15, 1995 (as a percentage of all social protection benefits)



Expenditure on social protection by category of benefits, 1995 (as a percentage of all social protection benefits)

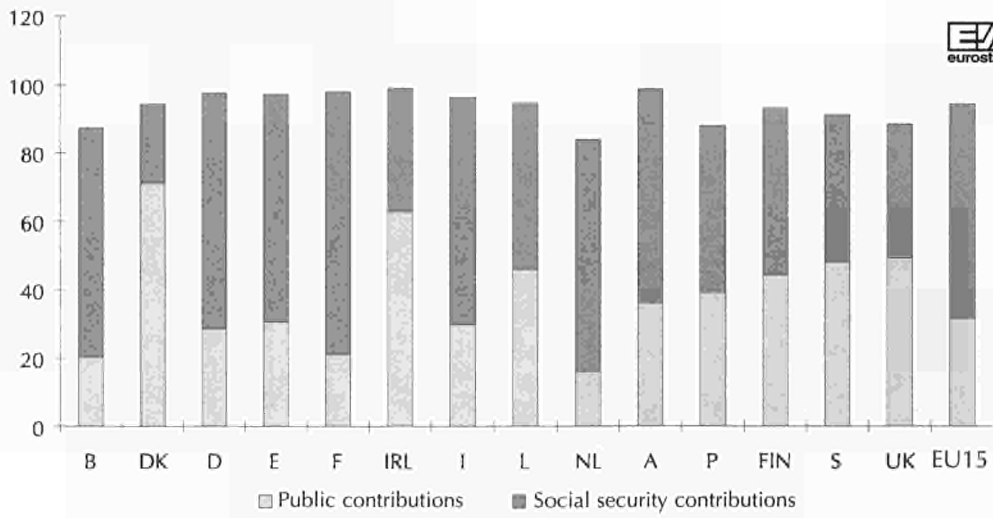
	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15*
1	32.3	28.4	38.0	34.2	37.5	34.9	40.1	28.6	37.5	44.4	33.4	44.8	36.1	33.9	37.7	36.0
2	42.5	37.6	42.5	49.7	45.4	43.0	26.0	65.7	44.7	37.4	48.3	43.4	32.8	37.1	39.4	44.6
3	8.2	12.4	7.5	7.0	1.8	9.0	11.7	3.5	13.2	4.7	11.3	5.8	13.3	11.3	9.0	7.5
4	14.3	14.7	9.1	5.9	14.3	8.2	17.3	2.2	3.0	10.1	5.6	5.5	14.3	11.1	5.9	8.3
5	3.6	2.7	6.8	3.2	0.8	4.9	4.9	0.0	1.6	3.4	1.5	0.4	3.6	6.5	8.1	3.6

1 Ilness/health care + invalidity 2 Old-age + survivors; 3 Family/children; 4 Unemployment; 5 Housing and social exclusion
* Data for Sweden are not included.

The main sources of funding for social protection in EU15 are social security contributions, which account for 63% of all receipts, followed by public contributions from taxes (32%)

Social security contributions account for a particularly high proportion (more than 65%) of social security receipts in France, Germany, the Netherlands, Belgium and Italy. In contrast, Denmark and Ireland basically fund their social protection systems from taxes, with more than 60% of revenue coming from this source.

Structure of social protection revenue, 1995 (as a percentage of all revenue)



Structure of social protection revenue, 1995 (as a percentage of all revenue)

	B	DK	D	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EU15*
1	20.2	71.0	28.6	30.5	21.1	62.8	29.8	46.1	16	36.4	39.4	44.7	48.4	49.5	31.9
2	67.2	23.4	69.0	66.7	76.9	36.4	66.8	48.8	68.1	62.8	48.8	48.8	43.2	39.4	62.9
3	42.3	9.5	40.4	51.7	49.4	22.3	49.0	25.3	22.0	36.9	30.0	35.2	38.0	25.5	39.3
4	12.6	5.6	2.4	2.8	2.0	0.9	3.4	5.1	16	0.8	11.7	6.4	8.4	11.1	5.2

1 Public contributions; 2 Social security contributions; 3 Of which: employers contributions; 4 Other receipts.
* Apart from Greece.

The ban is being introduced under a directive adopted on 9 November by the EU Council, in agreement with the European Parliament. The directive is aimed, in particular, at pay-television, video-on-demand and electronic publications.

The EU directive regarding the **continuation of employment contracts in the event of the transfer of a firm** applies to a company in voluntary liquidation which turns over part of its activities to another company, with the latter giving orders to the employees of the former company. A ruling along these lines was handed down by the European Court of Justice on 12 November in a case brought by a Belgian sales representative against the company — in liquidation — which employed him as well as the company which took over some of its activities.

Number plates which have on the left a vertical blue zone, with a circle of 12 yellow stars at the top and the letters, for example, GB for Great Britain or IRL for Ireland, are now recognised throughout the EU. All Member States must allow cars registered in another EU country and displaying such a number plate to move about freely, under the terms of a regulation which the EU Council adopted on 3 November.

A German-speaking citizen of another EU country, has the right to have **criminal proceedings conducted in his or her mother tongue** in the Italian region of Trentino-Alto Adige. This right is granted to German-speaking Italians in this region. A ruling to this effect was handed down by the European Court of Justice on 24 November in a case involving an Austrian lorry driver, charged with drunken driving, and a German tourist, who had in his possession a knife of a kind banned in Italy. German can also be used in the Trentino-Alto Adige region in contacts with the administration.

INITIATIVES

● Encouraging seed capital

The European Commission launched a new seed capital initiative — 'Risk capital for business start-ups' (CREA in French) — on 13 November, thus completing the measures aimed at stimulating the creation and transfer of small and medium-sized enterprises (SMEs). Over the period 1998-2000, the EU budget will provide reimbursable advances to new or recently created seed capital funds. Businesses with up to 50 employees are eligible for investments under CREA. This is the first European initiative in favour of the transfer of enterprises. It has been estimated that for each failed transfer, some three to five new businesses must be created in order to maintain the same level of employment.

☐ IN BRIEF

Some 210 training officers from EU consumer organisations have been given **training in important aspects of the transition to the euro, from the consumer's viewpoint**. Three two-day sessions, financed by the European Commission, were held in November and December. The programme covered legal, economic, psychological and sociological issues. The Commission is also financing **pilot projects for vulnerable sectors** of the population: the elderly, the poor, the visually handicapped and the deaf. The aim is to prepare them for the advent of the euro through information specially developed for them.

The free movement of services throughout the EU, for all companies engaged in **electronic commerce** and established in the EU, provided they comply with the law in their country of origin, is the aim of a directive proposed by the European Commission on 18 November. The text seeks to provide electronic commerce with a European framework, including harmonised rules on such matters as electronic contracts and dispute settlement.

A comprehensive package of measures aimed at limiting **working time** in the sectors excluded from the existing directive was proposed by the European Commission on 18 November. The measures in question concern some five million workers in transport, fisheries and other maritime activities, and doctors in training. The proposals take into account the characteristics of the various sectors.

EU legislation on **financial services** must be properly implemented, although new texts are needed in a few specific sectors, such as pension funds and the recourse open to consumers. This is the conclusion reached by the European Commission in a text adopted on 28 October and available on the Internet (http://europa.eu.int/comm/dg15).

PROGRESS TOWARDS THE SINGLE MARKET

The European single market is making progress. As of 15 October, the proportion of directives not yet implemented in at least one EU Member State had fallen to 14.9 %, as against 26.7 % a year ago (November 1997). This information is contained in the latest edition of the single market scoreboard, published by the European Commission on 3 November. The Nordic countries have transposed more than 98 % of the directives, while Ireland and Luxembourg are making slower progress — they still have some 6 % of directives to transpose. The most difficult economic sectors in this respect are telecommunications (only one third of the directives have been transposed in all EU countries), government procurement (40 %) and transport (47.9 %). Infringement proceedings against recalcitrant Member States relate particularly to the free movement of goods, but the most difficult cases to resolve concern the transport sector, taxation and the right of establishment.

OBSTACLES AS SEEN BY BUSINESSES

As many as 82 % of EU businesses with at least 10 employees are economically active — buying, selling or producing — in at least one other Member State. The figure is as high as 92 % in the case of large companies and 87 % for medium-sized ones, dropping to 77 % for small businesses employing 10 to 49 people. These are among the findings of a survey of more than 4 000 company managers, carried out by the European Commission in September 1998, and published on 3 November. For 28 % of them, the obstacles to trade between EU countries have not changed during the last two years, while 23 % take the view that they have diminished somewhat, and another 16 % feel the difference to be substantial. For 13 % of managers, no obstacles remain. Large companies take a more positive view of the matter than SMEs. As regards the obstacles themselves, for 41 % of companies the main one is the extra cost of ensuring that their products or services meet the specifications laid down by other EU countries. Test procedures or authorisations are seen as important obstacles by 34 %, State aid in favour of their competitors by 31 % and problems linked to VAT by 28 % (more than one answer was allowed). Two thirds of the companies facing obstacles have done nothing to overcome them.

Finding out the extent of **piracy** and **counterfeiting** in the European single market, evaluating the effectiveness of existing rules, and suggesting new ones are the aims of the Green Paper which the European Commission adopted on 22 October. All interested persons can make themselves heard until 2 March. The Green Paper can be obtained from the European Commission, DG XV/E.3, rue de la Loi/Wetstraat 200, B-1049 Brussels; fax (32-2) 29-93104; e-mail: E3@dg15.cec.be or from the Internet (http://europa.eu.int/en/comm/dg15/dg15home.html).

The European Commission announced on 11 November that it would assess or reassess all **aspects of national schemes of State aid regarding the direct taxation of companies**. The paper in question clarifies the implementation of EU competition rules in this particular area.

Banks, public services and all kinds of organisations will be able to adopt the **European system of environmental management and audit**, if a proposal submitted by the European Commission on 3 November is adopted. The system, known as the eco-management and audit scheme (EMAS), has been in existence since 1995, but is open only to industrial firms at present. It encourages such firms to safeguard the environment in their activities, give proof of this through a system of independent checks and highlight their efforts.

The **information and consultation of employees**, on subjects directly related to work organisation and employment contracts, is the aim of a directive which the European Commission proposed on 11 November. Its provisions would apply to firms with at least 50 employees. The text provides for employment contracts to be continued should the employer fail to meet his or her obligation to inform and consult his employees, until the situation has been rectified.

The **information society** has more than four million workstations and also more than 500 000 unfilled vacancies. This field, which brings together informatics, telecommunications and the audiovisual industry, offers enormous possibilities for Europe. In order to draw the attention of those in positions of responsibility, the European Commission adopted a report on 25 November, in which it asks Member States, industrialists, employers' organisations and trade unions to submit their strategies by June 1999.

A year after the EU Council agreement on **combating damaging fiscal competition**, the EU has made progress, according to the European Commission in a report it adopted on 25 November. The report calls on the experts of the Fifteen to complete, by the end of June 1999, their assessment of preferential systems of direct taxation.

EU rules on the **liberalisation of telecommunications** are being correctly implemented on the whole, despite some delays, the European Commission points out in its fourth report on the subject, published on 25 November. The complete report is to be found on the following two Internet sites:
http://www.ispo.cec.be/infosoc/telecompolicy
http://www/europa.eu.int/comm/dg04/lawliber/libera.htm

The European Commission adopted on 29 October a strategy designed to **eliminate CFCs (chlorofluorocarbons) from measured dose inhalers**. The aim of the proposal, which takes into account available alternatives, is to protect the ozone layer.

The roughly 5 000 **local employment agencies** in the EU could do more to meet the needs of both businesses and job-seekers, the European Commission claims in a document adopted on 17 November. They could obtain a much higher proportion of the situations vacant and develop a European dimension, thanks to the European employment services (EURES) network.

The **market for pharmaceutical products** can be made somewhat more European and competitive, the European Commission believes. But most of the measures that need to be taken fall within the competence of the Member States, it notes in a document published on 25 November. The Commission suggests that the various market segments — generic medicines and products protected or not protected by a trade mark — be handled differently.

In order to encourage employers' organisations and trade unions to **modernise jointly the organisation of work**, the European Commission adopted a communication on 25 November in which it recommends a combination of flexibility and job security.

Of the 14 priority projects of the **trans-European transport networks**, three are nearing completion and eight can be completed by around 2005. This information is contained in the first report on the implementation of these networks, published by the European Commission on 28 October.

The EU Council examined on 1 December the **Dutch stability programme and the Danish convergence programme**, submitted within the framework of the stability and growth pact adopted by the EU in 1997. Under the Dutch programme, the authorities plan to continue the economic strategy of recent years during the period from 1999 to 2002. Under the Danish programme, the government will continue with the work of budgetary consolidation.

SEEN FROM ABROAD

▶ The euro from Berne to Oslo

A strong and stable euro could pave the way to a decision favourable to the Swiss people as regards EU membership, Switzerland's President and Foreign Minister, Flavio Cotti, declared in Milan on 5 November. For the Norwegian Prime Minister, Kjell Magne Bondevik, the euro's implementation would make it possible to stabilise the Norwegian currency, even if the country stayed outside the EU, as he declared on 8 November.

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European Commission
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