



## Challenges for a common EU migration policy

by António Vitorino, Member of the European Commission

It is time to face the fact that the zero immigration policies of the past 25 years are not working, and, in addition, they are no longer relevant to the economic and demographic situation in which the European Union now finds itself.

### Towards new legal immigration

Given the present economic and labour market situation, I believe that we should review the longer-term needs for the EU as a whole, estimating how far these can be met from existing resources, and defining a policy for the admission of third-country nationals to meet whatever shortage remains. This will also be an opportunity to reinforce policies to combat irregular work and to ensure employers comply with existing labour legislation for third-country nationals who work for them.

The regularisation programmes implemented in some Member States – and the very small numbers of failed asylum-seekers who are successfully returned to their countries of origin – amount, in my view, to the existence of an undeclared and uncontrolled immigration system which leaves little choice for the host country in the selection process, and plays into the hands of unscrupulous traffickers. We need now to adopt a more open and transparent policy with clear rules and procedures, enabling potential economic migrants to make applications in their countries of origin based on reliable information about the conditions that will be applied to successful candidates. I believe that such a policy will also have a major impact on reducing smuggling and the illegal entry of immigrants.

This means agreeing on new legal ways for immigrants to enter the EU, recognising the contribution which they will make to our economy and our society. Selective immigration for economic purposes to meet both skilled and unskilled needs is already being practised in several countries. This is, for example, the basis of the US, Canadian and Australian systems where national quotas are fixed on an annual basis and candidates apply in their country of origin.

### Wide discussion and consultation needed

I am not suggesting that this is the appropriate model for the EU. I believe there should be wide discussion and consultation on the ways in which new, more open policies might work and on the numbers needed. This should involve government and other authorities at all levels – national, regional and local – together with the social partners and representatives of migrants themselves. The capacity to integrate new immigrants should be an important factor in the decision and for this reason local authorities should have an important voice since they will play an important part in the process. Successful integration strategies will need to be reinforced and the necessary resources made available. We must avoid the creation of new ghettos in our towns and cities, since these would not lead to the social cohesion that we seek. Discussions at the European level should be anchored in the existing procedures for reviewing and developing the Union's overall economic and social strategy.

The challenge for the EU is to develop not only an open but also a more flexible migration policy. This means ensuring that migrants have possibilities of moving on or going back as the situation develops in their country of origin and elsewhere in the world. This will involve addressing issues of status in the host country, rights to leave and return, etc. Such a policy of co-development can include innovative ideas to encourage the voluntary return of migrants based on dialogue with the countries concerned in a framework of supported reintegration in countries of origin.

My vision is that we may develop a common European immigration policy which will be firmly anchored in our fundamental shared principles and values: respect for human rights and human dignity, appreciation of the value of multiculturalism and the recognition that membership of society is based on a series of rights but brings with it a number of responsibilities for all its members.



## TO OUR READERS

The publication of *Frontier-free Europe* is being suspended. It began life in 1988 as *Target '92*. Over the years, this newsletter has tried to provide reliable, up-to-date information on the progress of the European single market and the other activities which determine a genuinely frontier-free Europe. Following a re-examination of its activities in the areas of information and communication, the Directorate-General for Education and Culture has decided to suspend publication of *Frontier-free Europe*. We wish to thank all our readers for having remained faithful to us over the years.

## DECISIONS

### ■ Regional and social aid for 11 countries

The task of setting up European regional and social aid programmes for the period 2000–06 is continuing apace. Between 7 July and 31 August, the European Commission approved a series of programmes to be implemented in 11 EU Member States. In seven of the States the programmes in question are broad-based regional development programmes designed for the EU's most disadvantaged areas. As regards Ireland, Northern Ireland and the Scottish Highlands and Islands, as well as Greece and the French island of Réunion, the Commission approved the general framework for European aid. It also approved the operational programmes for Italy, Portugal and the German state of Mecklenburg–Western Pomerania. In addition, the Commission approved programmes devoted to education, vocational training and employment in eight countries: France, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland and the United Kingdom.

### ■ 'Youth' programme on course for 2000

The 'Youth' exchange programme has started. On 19 July the European Commission adopted the work schedule and allocated the funds available for this year. With a total budget of EUR 80 million (EUR 1 = GBP 0.61 or IEP 0.79), the programme must concentrate this year on improving young people's ability to integrate themselves professionally and on sporting and cultural activities. The Commission has also undertaken to select an insurer, in order to provide social protection for the young people taking part in the programme, which will run from 2000 to 2006, and have a total budget of EUR 520 million. This year, EUR 17.5 million will be available for short-term exchanges and EUR 19.5 million for the European voluntary service. In addition, EUR 6 million will be allocated for projects conceived and carried out by young people.

### ■ Property and national defence

An EU Member State cannot invoke national defence without very good reason when it discriminates against nationals of other Member States as regards property ownership. A ruling along these lines was handed down by the European Court of Justice on 13 July in a case involving the Italian authorities, on the one hand, and two German nationals, Messrs Heller and Kraas, represented by Alfredo Albore, on the other. The two Germans had bought properties on the island of Ischia, near Naples. As this island is in an area designated as of military importance, the Italian land registrar refused to register the purchases in question without prior official approval, as required under Italian law. The lawyer took the matter to court, including the court of appeal in Naples. The latter questioned the European Court of Justice on

whether the Italian law was compatible with EU rules. The European Court held that a Member State can depart from the European principle of freedom of establishment only in the event of genuine, concrete and serious threats to public security, and on condition that the measure taken is limited to what is strictly necessary. The Court asked the Italian courts to check that there were sufficient grounds for the discrimination in question.

### ■ A helping hand for combined transport

In all, 21 innovative pilot actions for combined transport can start this year, thanks to aid totalling EUR 5.66 million, agreed to by the European Commission on 28 July in the framework of the multiannual programme, PACT. Each project is entitled to such aid for a maximum period of three years, after which it must become self-supporting. Taken together, the projects selected under this programme should help to relieve congested roads by some 3.5 billion tonne-kilometres per year. By definition, all the projects combine various forms of transport – road transport at the start and final leg of the journey, and more environmentally friendly forms of transport during the major part of it. Eight of the projects involve the railways, and account for a third of the funds available. Another six relate to maritime transport over short distances; they are to get 30 % of these funds. Two projects deal with transport by inland waterway, and are to receive 12 % of the funds. The five remaining projects combine various forms of 'ecological' transport – rail with maritime, for example, or maritime with river.

### ■ European labelling of beef

Throughout the EU, the labels on beef from cattle slaughtered after 1 September must contain three pieces of information: a reference number linking the meat to the animal from which it was taken; the approval number of the slaughterhouse and cutting hall; and the country or countries in which the slaughtering and cutting-up took place. After 1 January 2002, the label will also have to mention the name of the country in which the animal was born and the country or countries in which it was fattened. These requirements are set out in a regulation adopted by the EU Council on 17 July, after agreement had been reached with the European Parliament. They will make it possible to follow the cattle 'from the stable to the table'.

### □ IN BRIEF

The European Commission adopted on 14 July new guidelines for backing innovative schemes in the least competitive regions, over the period 2000–06. This activity will dispose of a total of EUR 400 million. It will cover technological innovation in general, the information society and sustainable development – that is, development which respects the environment. Regions which have fallen behind in their development and are undergoing economic and social redevelopment will be able to submit programmes under this scheme.

As from 1 January 2002, businesses which provide services of general economic interest as well as ordinary commercial services will have to keep separate accounts for these two types of activity, if their annual turnover comes to or exceeds EUR 40 million. The European Commission modified on 19 July a 1980 directive on transparency in financial relations between governments and State-owned firms along these lines. The aim is to ensure that the authorities do not subsidise the purely commercial activities of such firms through compensation payments made to them by virtue of their obligations as a public service.

The European Commission approved on 12, 19 and 26 July the regional aid maps submitted by Luxembourg, the Netherlands and the United Kingdom for the period 2000–06. These maps provide for financial assistance for business investment. The maps in question account for 31.9 % of the population of Luxembourg, 15 % of the Dutch population, 28.7 % of the population of Great Britain and 100 % of the population of Northern Ireland. The European Commission also approved on 12 July the areas in Italy undergoing

## ASPECTS OF COMMUNITY RESEARCH (II)

### Living better

#### Health

Ours is a plural continent whose citizens live in different environments and climates, have specific sociocultural habits and provide a diversified pattern of genetic heritage, which means that the strengthening European dimension of medical research is a major asset. It enables scientists to study the development of diseases in order to improve prevention and treatment, exchange clinical experience and approaches, avail themselves of major epidemiological studies, and compare the state of health of the populations. In so doing, it is possible to achieve the critical mass which is essential if science and practice are to make progress.

The research projects supported by the Union concern strategic areas: the 'grim reapers' (cardiovascular disease and cancer); children's diseases (cot deaths, leukaemia, child diabetes, jaundice in newborn babies, etc.); genetic disorders; emerging or re-emerging epidemics (viral diseases such as AIDS or Ebola, prion-related diseases, tuberculosis, malaria); and age-related disorders in a world where people are living longer (Alzheimer's disease). Other work, based on international and cross-disciplinary approaches, deals with issues of public health and ethics (occupational diseases, the social cost or quality of healthcare).

#### Europe against cancer

The EORTC (European Organisation for Research and Treatment of Cancer) brings together 2 500 cancer specialists practising in over 350 hospitals in 31 countries. The organisation coordinates cross-disciplinary clinical studies in order to develop the most effective treatments on a wide scale. A database so far includes observations on over 100 000 patients. The results are analysed and compared by some 100 researchers at the EORTC's data centre. Upstream of this clinical research, the EORTC coordinates preclinical studies on new treatment substances. Downstream, the organisation disseminates the results of its work through seminars, courses on clinical research methodology, conferences, publications, etc. It also instigates studies on the quality of life of patients and evaluates the cost-effectiveness of treatments. The EORTC is a partner of choice in the international fight against cancer and cooperates actively with the National Cancer Institute (United States).

- Four groups of 10 patients selected in five European countries in which they have undergone surgery on serious cerebral tumours are being treated by a new form of radiotherapy (boron neutron capture therapy) developed by the EU's Joint Research Centre (JRC) in Petten (the Netherlands). Other leading-edge research relating to the treatment of leukaemia cancers and cancers of the bone marrow by alpha-radioimmunotherapy is being conducted by the JRC's Institute for Transuranium Elements in Karlsruhe (Germany).

- European biologists were the first in the world to develop successfully oral vaccination. Thanks to genetic engineering, they succeeded in injecting into a fodder plant a modified virus which multiplies in it. This technology could revolutionise pharmacology by providing vaccines which are easy to administer and cheap to manufacture.
- Why do established medicines have serious side effects on certain patients? Because certain enzymes which are responsible for their assimilation into the body differ from person to person. Important European discoveries on these 'variable geometry' systems now enable the pharmaceutical industry to design safer products.

*Collaborative projects enable laboratories to pool their resources. The quality of the results is therefore better and researchers are able to learn new techniques*

Harvey Holmes, coordinator of the EVA project which brings together researchers from 12 European countries working on an anti-AIDS vaccine.

#### Food

There is growing public focus on the quality of food and its effects on health. For the agri-food sector — which is capitally important economically speaking in Europe — this concern is both a challenge and an opportunity: a challenge inasmuch as scientific and technological breakthroughs, such as the arrival of genetically modified organisms (GMOs), raise major questions as regards consumer safety and protection; and an opportunity inasmuch as this economic branch is traditionally one of the mainstays of European exports on the world market.

An increasing number of projects relate to the food/health tandem or the control of quality and freshness of products in new preservation techniques. The Union's programmes also support the building of bridges between leading-edge biotechnological research and industry. In addition, project results are systematically disseminated by networks such as FLAIR-FLOW which has national outlets throughout the continent.

#### Functional foods, foods of the future

The concerted action Fufose ('Functional foods science in Europe') is designed to take stock of knowledge in the area of so-called 'functional foods' — that is to say, those which contain an element which is beneficial to health. In all, 54 researchers in 10 countries are studying the effects of various nutrients on specific physiological or biological functions (the effect of antioxidants in the fight against certain forms of cancer, the advantages of intake in the early stages of life of certain polyunsaturated fatty acids, etc.). The aim is to identify and improve certain qualities in food products with the idea of not preventing risks in the strict sense, but of reducing them.

## Modified, or not?

What type of treatment are food products subjected to? In the sensitive area of GMOs, European legislation considers that only scientific evaluation can establish that a new food or ingredient is or is not equivalent to an existing food. Two institutes of the JCR – the Institute for Health and Consumer Protection in Ispra (Italy) and the Institute for Reference Materials and Measurements (IRMM) in Geel (Belgium) – work closely together to cater for this requirement. Their work makes it possible to obtain very accurate information on the nature of the products sold. They relate to modified maize and soya – the first two GMOs to have been authorised for sale in Europe.

The Institute for Health and Consumer Protection, for instance, has accordingly tested the only machine, made in the United States, capable of detecting traces of RoundupReady – soya beans genetically modified to resist herbicides. The IRMM then prepared samples of soya powder (some containing RoundupReady and some not) which were distributed to 38 European laboratories. The latter identified the presence of RoundupReady to a minimum rate of 2%. These results pave the way for the development of reliable control instruments which will guarantee the conformity of the products and will make it possible to evaluate any threshold of GMO which could be covered by legislation.

- Biopackaging is biodegradable, inexpensive to produce, and provides new qualities; it is made from plant-based polymers. Seven research centres and two agri-food companies have even developed edible biopackaging capable of supplying nutrients to complement the product it contains.

*The scientific community which is interested in the food area is at first sight not very homogeneous. This project has made it possible to develop very profitable interaction between different schools of thought. Communication between the Nordic-Germanic sphere and the Latin sphere, representing very different traditions, has thus expanded spectacularly.*

Einar Risvik of the Norwegian Food Research Institute, coordinator of the multidisciplinary network, SENS, bringing together 12 scientific organisations involved in studying European food habits.

## The revolution of life sciences

At the dawn of the third millennium, man's future hinges on new knowledge – that of the mechanisms of life. This extraordinary breakthrough of biosciences and biotechnologies is taking place before our very eyes at breathtaking speed.

The exploits which scientists are gradually becoming capable of relate first and foremost to health. The ever-increasing expertise with regard to the cellular and genetic intricacies which underpin the functioning of the human body is paving the way for revolutionary therapeutic and pharmacological

treatments capable of stemming diseases such as cancer or AIDS, and even bringing about a radical change in the conditions of ageing.

Nevertheless, this fantastic uniqueness of the cellular principles in all living organisms means that scientific progress in this area goes way beyond the medical field. It concerns the whole of man's relationship with the biodiversity of nature. Biotechnologies open up new avenues at all levels of the animal and vegetable chains which go to make up food. As we face up to the threats to the terrestrial and marine environment, they offer ways of eliminating and regenerating waste, which can reduce pollution. Expertise in terms of life sciences is also to be found where it is least expected, i.e. at the heart of matter. The further development of computer capacity will be achieved through the performance of biochips which will put the tiny structures of micro-organisms at the service of artificial intelligence.

The Union's research policy is to mobilise the potential and capacity of European science on all these aspects. It also seeks to lay the foundations of a common approach to the essential ethical debates raised by the onset of this revolution – some would say the golden age – of life sciences.

*For scientists, a gene is primarily a key element of the cellular machine and genetic engineering involves making use of a fundamental natural system of mechanics capable of generating hitherto unsuspected progress. If it is properly understood, this approach will make it possible to counter the demonisation of a concept of the gene as an instrument to control and take over the human being.*

Alain Pompidou, professor at the Université René Descartes (Paris), Member of the European Parliament, President of the STOA (European Parliament Office for Scientific and Technological Options Assessment).

### More information on European research

<http://europa.eu.int/comm/research>

Keeping abreast of the latest scientific and technological developments, debates on research, European projects, etc. by consulting RTD Info, the European research magazine

<http://europa.eu.int/comm/research/rtdinfo.html>

### Information on the formalities for taking part in European research projects

[www.cordis.lu/](http://www.cordis.lu/)

### Information on European research policy

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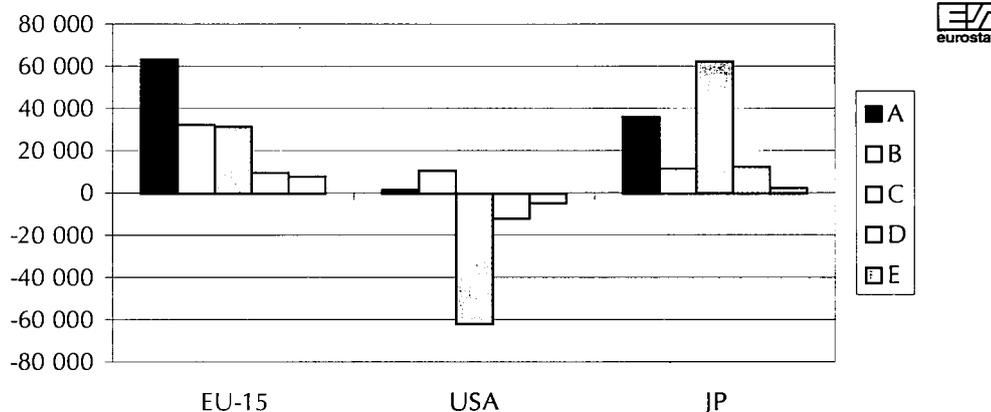
## Panorama of European Business 1999: selected indicators

In 1997 the manufacturing sector in the EU accounted for 20.6 % of GDP, putting it between Japan (24.7 %) and the United States (18.0 %).

European industry took the major share of the export market, with 42.6 % of total Triad exports in 1997, compared with 33.7 % for the United States and 23.6 % for Japan.

The trade surplus in EU manufactured products rose from ECU 12 000 million in 1989 to ECU 169 000 million in 1997.

Trade balance for five industrial sectors in million ECU, 1998



**A:** Manufacture of machinery and equipment not elsewhere classified; **B:** Manufacture of chemicals and chemical products; **C:** Manufacture of motor vehicles, trailers and semi-trailers; **D:** Manufacture of electrical machinery and apparatus not elsewhere classified; **E:** Manufacture of fabricated metal products, except machinery and equipment

Source : Data extracted from SBS database (secondary source); Original source (with complete information on external trade): Comext

### Industry in the Triad, average annual growth, 1989-97

|       | Employment | Demand <sup>1</sup> | Value added | Trade balance <sup>2</sup> (Ecu bn) |
|-------|------------|---------------------|-------------|-------------------------------------|
| EU-15 | -1.4%      | 3.1%                | 2.5%        | +169                                |
| Japan | -1.2%      | 1.4%                | 1.5%        | +138                                |
| USA   | -0.3%      | 4.2%                | 4.5%        | -171                                |

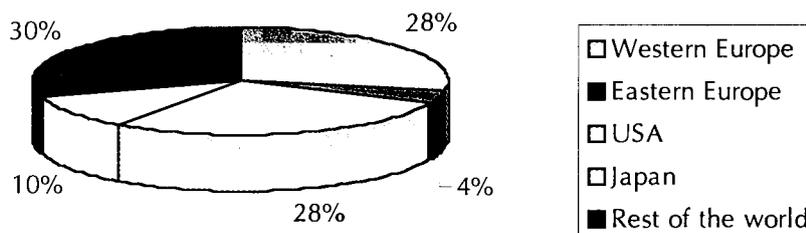
1. Apparent consumption, i.e. production - exports + imports; 2. 1997 data. Source: Eurostat

Telecommunications, computers and audiovisual media are one of the most vigorous sectors of the economy.

The total market value of information and communications' technologies (ICT) in the EU was worth ECU 370 000 million in 1998, of which ECU 157 000 million was accounted for by telecom services alone.

Worldwide telecom services represented nearly ECU 600 000 million, 176 000 million being spent in the USA and 166 000 million in Western Europe.

Share of telecom market value by world region, 1998



Source: European Information Technology Observatory

### Major regional for information and communications' technologies (ICT) market by product in million ECU, 1998

|                   | Western Europe | Eastern Europe | USA     | Japan  | Rest of the world | World   |
|-------------------|----------------|----------------|---------|--------|-------------------|---------|
| IT hardware       | 86,752         | 8,940          | 141,581 | 43,759 | 65,000            | 346,032 |
| Software          | 38,261         | 1,546          | 54,976  | 10,358 | 14,807            | 119,948 |
| IT services       | 68,031         | 3,117          | 122,722 | 36,910 | 30,199            | 260,979 |
| Telecom equipment | 33,456         | 12,107         | 22,116  | 11,528 | 39,658            | 118,865 |
| Telecom services  | 165,630        | 19,113         | 176,168 | 61,729 | 176,446           | 599,086 |

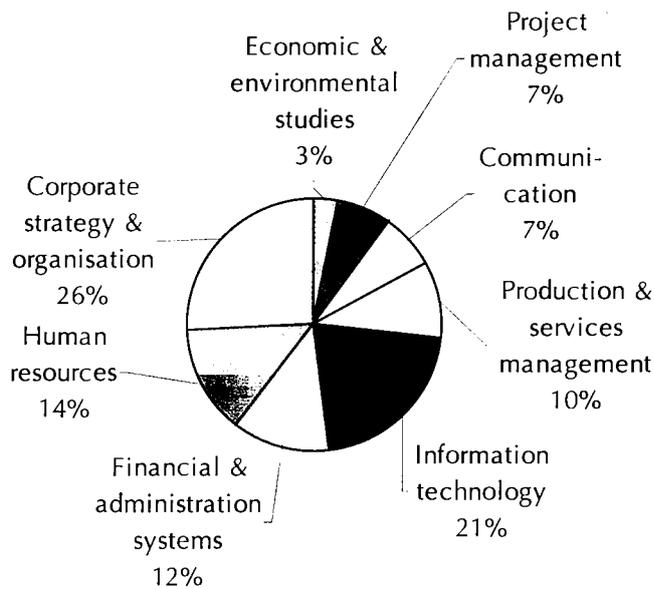
Source: European Information Technology Observatory

### Business services represent more than a fifth of GDP

Business services, one of major activities of EU economy, accounted for more than 20 % of GDP in most Member States in 1997, ranging from 17 % in Finland to 28 % in Luxembourg. The sector provided more than 15 % of all jobs. The market studies sectors has boomed in the last 20 years. In the UK, the turnover figures reach 26 % of the EU total.

Annual per capita expenditure on advertising was the highest in the UK (ECU 250 in 1998) and France (ECU 192).

### Breakdown of management consultancy activities, 1997



Source: Federation of Management Consulting Associations (FEACO)

### Main indicators of engineering consultancy in the EU, 1997

|                                  | B   | DK  | D     | EL  | E   | F     | IRL | I   | L  | NL    | A     | P   | S   | UK    |
|----------------------------------|-----|-----|-------|-----|-----|-------|-----|-----|----|-------|-------|-----|-----|-------|
| Number of enterprises (thousand) | 109 | 329 | 3,876 | 176 | 140 | 895   | 106 | 210 | 82 | 270   | 1,230 | 70  | 190 | 532   |
| Turnover (ECU million)           | 169 | 757 | 6,579 | 100 | 420 | 2,257 | 48  | 892 | 54 | 1,100 | :     | 190 | 580 | 3,143 |

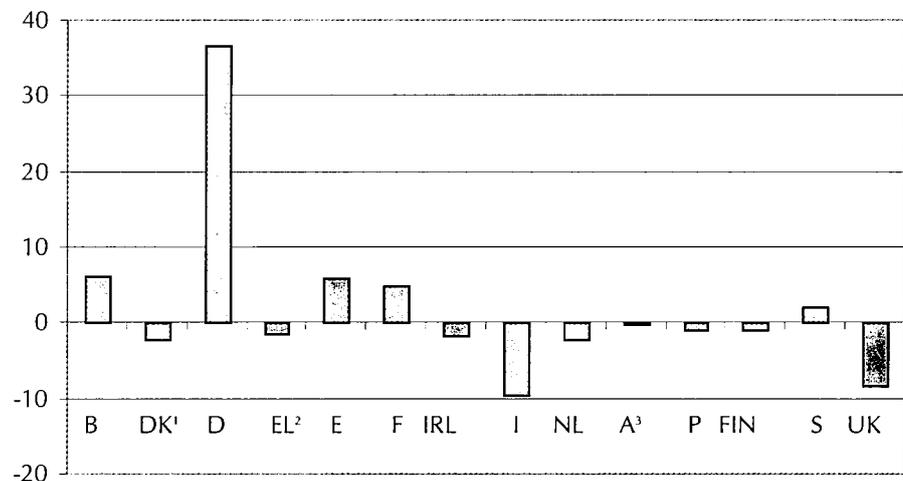
Source: European Federation of Engineering Consultancy Associations (EFCA)

### Strong growth and greater competitiveness of car industry

In 1998, the transport equipment industry, including the manufacture of all kinds of vehicle, played a major role in the EU's economy, generating around 11 % of total manufacturing output in 1998.

Sweden, Germany, France and Spain specialise most in car manufacture, the sector accounting for 9-11 % of these countries' total manufacturing (EU average: 7.5 %).

### Trade balance of motor vehicle construction (thousand million ECU), 1998



1: Denmark: 1996; 2: Greece: 1997; 3: Austria: 1994.  
Source: Eurostat.

### Motor vehicle construction in the EU, 1998

|                                    | B    | DK <sup>1</sup> | D     | EL <sup>2</sup> | E    | F   | IRL  | I    | NL <sup>3</sup> | A <sup>4</sup> | P   | FIN  | S    | UK   |
|------------------------------------|------|-----------------|-------|-----------------|------|-----|------|------|-----------------|----------------|-----|------|------|------|
| Production (ECU bn)                | 16.1 | 0               | 124.2 | 0.1             | 26.6 | 62  | 0    | 22   | 4.4             | 3.4            | 3.5 | 0.3  | 17.1 | 35.9 |
| No of employed (1000)              | 38.5 | 0               | 513.7 | 1.4             | 82.9 | 182 | 0.4  | 117  | 14              | 14.5           | 7.3 | 2.2  | 69.8 | 123  |
| Productivity (ECU 1000 per person) | 75.3 | :               | 66.6  | 13              | 60.8 | 57  | 32   | 47.4 | 38              | 64.5           | :   | 53.2 | 47.4 | 78.8 |
| Trade balance (ECU bn)             | 6.2  | -2.1            | 36.7  | -1.4            | 6    | 4.8 | -1.7 | -9.5 | -2.1            | -0.1           | -1  | -0.9 | 2    | -8.4 |

1: 1996; 2: 1997; 3: 1992 data for number of employed and productivity; 4: 1999 data.  
Source: Eurostat

Source: Panorama of European Business, 1999 (CA-25-99-043-EN-C)

economic and social redevelopment and entitled to receive EU aid over the period 2000–06. These areas account for 13 % of the country's population.

Firms in regions lying on the very periphery of the EU — the Canary Islands, the French overseas departments, the Azores and Madeira — will hereafter find it easier to receive State aid, although it is banned in principle under EU competition rules. Under the new guidelines on national regional aid, adopted by the European Commission on 26 July, in accordance with the Treaty of Amsterdam, checks on such aid are now more flexible. Operating aid, in particular, can now be supported, without a time limit, in order to offset the additional costs linked to the geographic location of the regions in question.

The receipts from the award of UMTS licences, for the third generation of mobile phones, must be shown as income for the year in the course of which the licences were granted. The effect of this is to reduce that year's public debt at one go, as has been shown in the case of Spain, the Netherlands and the UK for 2000. A decision to this effect was taken by Eurostat, the Statistical Office of the European Communities, on 14 July, when it added that, in specific cases, the receipts in question must be regarded as rent, to be taken into account during the duration of the licence. It should be pointed out that the level of public debt is of very great importance for European economic and monetary union.

For the first time in a merger case, the European Commission has fined a company not taking part in the merger in question. On 12 July the Commission fined Mitsubishi Heavy Industries because it had provided incomplete data in answer to a question on its share of the market for recovery boilers. The information in question was of crucial importance to an inquiry carried out by the Commission regarding a joint venture between two other companies, Ahlström and Kvaerner.

The European Court of First Instance confirmed on 6 July a European Commission decision of January 1998, fining Volkswagen for having prevented its Italian distributors from selling new cars to non-residents. The German car manufacturer had challenged the Commission's decision before the Court. The latter reduced the fine from EUR 102 million to EUR 90 million in the light of the duration of the offence committed by Volkswagen, but it upheld the right of consumers to buy cars in any EU Member State.

## INITIATIVES

### ● The euro: well planned ...

Preparations are under way in the 12 EU countries that will introduce euro notes and coins on 1 January 2002 — Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland — to replace their national currencies with the European single currency. In most of the euro-area countries, national notes and coins will remain in circulation until 28 February 2002. The exceptions are Germany (31 December 2001), Ireland (9 February 2002) and France ('the second half' of February 2002). This information is contained in a European Commission document published on 12 July, which also specifies the dates on which retailers will receive euro notes and coins, as well as the choice of notes which will feed vending machines. The document is available on the Internet ([http://europa.eu.int/comm/economy\\_finance/document/euro/communication0700/communication\\_0700\\_en.htm](http://europa.eu.int/comm/economy_finance/document/euro/communication0700/communication_0700_en.htm)).

Meanwhile, in order that euro-area Member States may be ready in good time to do battle against 'European' forgers, the European Commission proposed on 26 July a regulation which provides for exchanges of information and requires European and national authorities to come to each other's assistance.

### ● ... but not in widespread use as yet

Utilisation of the euro remained limited during the second quarter of this year, even if the single currency gained ground in businesses and government services. This is the conclusion to be drawn from the European Commission's latest note on the use of the euro, published on 28 July. National payments in euro by businesses still accounted for some 25 % of all payments in value, but rose from 2.4 to 3.2 % in volume. Nearly 23 % of international payments by businesses were in euro in terms of volume, and 42 % by value. A growing percentage of VAT returns and payments of company tax are now in euro. However, the use of the euro by private individuals declined during the second quarter, falling from 2.4 to 1.8 % in volume and from 8.9 to 6.4 % in value.

The Commission asked euro-area Member States on 7 July to step up their publicity campaigns aimed at consumers, particularly by encouraging prices to be displayed in both the national currency and euro. At the same time, European organisations representing consumers, retailers and small and medium-sized enterprises (SMEs) signed a declaration calling on the authorities to support their promotional, information and training activities.

## THE PUBLIC AND SMEs ILL-PREPARED FOR THE EURO

In June, only 22 % of small and medium-sized enterprises (SMEs) in the euro area claimed to be prepared for the changeover from their national currency to the euro, according to a Eurobarometer poll, whose results were published on 12 July. While 28 % of SMEs in Germany and Spain claimed they were ready, the corresponding figure for Ireland was 8 % and for Greece 6 %. More industrial SMEs were prepared for the changeover than SMEs in the services sector, with the construction sector in last place. In addition, the proportion of firms which are ready for the euro increased in direct relation to their size. As for the citizens of the euro area, who were polled for Eurobarometer in May, just 48 % of them claimed to be well informed on the subject of the single currency. Only a third of those polled knew the date for the introduction of euro notes and coins, while most of them overestimated the length of time during which both national currencies and euro notes and coins would be in circulation. Perhaps most discouraging of all, fewer than 50 % of shoppers pay much attention to prices displayed in euro.

### ● Telecoms and the Internet: adapting the rules

Replacing the 28 legislative texts which at present apply to the telecommunications sector in the EU with 8 texts adapted to the current state of the market and the Internet — this is the aim of a package of measures proposed by the European Commission on 12 July. The aim is to strengthen competition, introduced on 1 January 1998, and make access to the Internet easier and at affordable prices. The package of draft measures includes, in particular, a regulation designed to open up the local copper loops to competition by 31 December, a move which should result in better conditions of access to the Internet. The package also includes five harmonisation directives. One of them seeks to establish a single regulatory framework for all electronic communication networks and services — fixed and mobile telephone networks, cable, and the transmission of voice, data and audiovisual programmes. Each of the four remaining directives deals with a specific aspect of telecommunications: the authorisation of networks and services; access to networks and interconnection;

universal services and user rights; and, lastly, data protection and the right to privacy on the Internet. The Commission presented at the same time a draft directive, which it will adopt itself, on competition in the telecoms sector, designed to replace and simplify the existing texts. Finally, the Commission has proposed a regulatory framework for EU radio spectrum policy. The aim here is to ensure the availability of frequencies for the common services of third-generation mobile telephones (UMTS) and satellite communication. This package of measures should be adopted by the European Parliament and EU Council before the end of next year.

## ○ IN BRIEF

In order to enable innovative firms to obtain, at reasonable cost, a patent which is valid throughout the EU and is unambiguous in the event of a dispute, the European Commission proposed on 5 July the **introduction of a Community patent**. At present, European patents are issued by the European Patents Office in Munich. However, each EU Member State can demand that such patents be translated into its national language, and that the competence of its own courts, each with its own procedures, be recognised in the event of a dispute. The result is costs which are much higher than in the United States or Japan. At both Lisbon and Feira, the European Council recommended that the new Community patent be ready by the end of 2001.

With a view to **simplifying stock exchange legislation**, the European Commission proposed on 24 July to replace eight existing directives with a single text. The directives in question deal with listings on recognised stock exchanges, the information to be published by listed companies, and the information to be published in the event of acquisitions by or mergers of listed companies.

As of 1 May, the prices of new cars, before tax and in euro, continued to **differ substantially between EU Member States**. This is the conclusion reached by the European Commission in its latest half-yearly report, published on 13 July. The UK was still the most expensive country in the EU – and not simply because of the stronger pound in relation to the euro. In the euro area itself, the price gap still averaged 20 %, the most expensive country being Germany, the cheapest Spain, the Netherlands and Finland.

In order to ensure that markets are better aware of the exposure to loss of banks and other financial institutions, the European Commission published on 25 July a **recommendation calling for greater disclosure of financial information in their annual accounts**. The aim is to include, in particular, information on financial instruments, including derivatives, and on the methods by which exposure to loss is managed and calculated. Commission recommendations are not binding on Member States.

The European Commission announced on 17 July that it was preparing a **compendium of the driving licences currently in use in the various**

EU countries. This document will make easier the mutual recognition of their driving licences by the Member States, which is provided for by a European directive in force since 1996. In practice, such recognition presents problems, particularly in the case of persons moving from one Member State to another. This is in large part because 82 models of driving licences are currently to be found in the EU.

EU Internet users are favourable, on the whole, to the **creation of a top-level domain name (.eu)**, according to the results, published on 5 July, of the consultation launched by the European Commission in February. The latter is continuing its discussions with the appropriate international and American bodies, in order to realise its project. An electronic address with the ending (.eu) would open up fresh opportunities for European businesses in the context of e-commerce.

In a communication which it adopted on 26 July, the European Commission has asked for the introduction by Member States of a system of **mutual recognition**, one that is as simple and direct as possible, of the final decision in **criminal matters**. These are decisions that rule on the substance of a criminal case. As matters stand at present, recognition of such decisions depends on the long-established cooperation between States, which is slow, complicated and uncertain.

## SEEN FROM ABROAD

### ► Warsaw steps up its entry campaign

The Polish authorities stepped up in July their campaign to secure the country's entry to the EU. On 10 July Prime Minister Jerzy Buzek and the presidents of the two Houses of Parliament signed a pact for the EU, aimed at speeding up the procedures for adapting Poland's laws to European legislation. To this end, the lower House set up a special commission, drawn from its own members, on 13 July. On 17 July the Prime Minister announced that a referendum on EU membership would take place in 2002 at the latest. According to an opinion poll published the next day, 65 % of Poles would vote for entry. The government announced on 26 July that the national currency, the zloty, would be linked to the euro as from 2004. Finally, the parliament adopted that same week a law setting up a national highways fund, which should facilitate the extension of the road network.

## ▷ IN BRIEF

Some three quarters – 77.6 % to be exact – of **Croats favour EU membership for their country**, according to a poll carried out in mid-July and published on 31 July by the government in Zagreb. Only 7.9 % of those polled oppose membership. The European Commission recently offered to conclude an association agreement with Croatia.

The text of this issue was completed on 5 September 2000.



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