



AFTER THE MADRID SUMMIT

Faster progress on monetary affairs than social

The 12 European Community Heads of State or Government who met in Madrid at the end of June, as the European Council, spent most of their time on monetary issues. It was not in vain, however, for they were able to agree on the date of 1 July 1990 for the launch of the first stage of the 'Delors plan' for economic and monetary union. This stage, for which no time-limit has been set, implies closer cooperation among the Twelve in the monetary field and the participation of all Community currencies in the European Monetary System (EMS). In practice, the pound sterling, the Greek drachma and the Portuguese escudo must enter the EMS.

The European Council also decided to entrust the Community's finance ministers and other key monetary authorities with the task of organizing an intergovernmental conference 'to lay down the subsequent stages'. The Council's conclusions do not indicate the substance of these stages, but they do refer to the Delors report, which envisages the creation of a single currency by means of changes to the Treaty of Rome, the European 'constitution'.

Mrs Thatcher declared, of course, that she accepted neither the second nor the third stage as proposed in the Delors report; she even asked her Finance Minister and Foreign Secretary to find alternatives. But as the Commission President, Jacques Delors, underlined at the Summit's conclusion all 12 Member States have accepted the principle of a special conference and, by the same token, changes to the Treaty of Rome. 'It is a consensus which deserves congratulations', Mr Delors added.

Does this mean the Twelve have distanced themselves from the 1992 target, which has been their absolute priority since the adoption in 1985 of the single market programme? Surely not. The conclusions of the Madrid Summit clearly state that 'economic and monetary union must be seen in the perspective of the completion of the internal market'. The fact is that in the realization of a frontier-free Europe one can include the currency among the sectors which are working, together with technical standards, banking and finance, public contracts and transport.

However, there are three major areas in which a good deal remains to be done. They are controls at the Community's internal frontiers, the social dimension of the single market and taxation. In Madrid the Heads of State or Government took due note of them. They were of the view that their ministers must reach agreement on the approximation of VAT and other indirect taxes before the end of the year, and on the taxation of savings before 1 July 1990, the agreed date for the liberalization of capital movements.

As for the problem of border controls, the Twelve reaffirmed at Madrid that the 'free movement of persons was a priority for 1992'. It remains to be seen whether the work of the Coordinators' Group of government representatives will be completed as planned.

The Twelve want to give the same importance to the social aspects of the single market as to its economic aspects. They proclaimed as much in Madrid — but were unable to adopt the charter of fundamental social rights submitted by the European Commission, because of Mrs Thatcher's opposition. President Delors regretted this, as did the European Trade Union Confederation. The Council's French Presidency, which took office on 1 July, will have a great deal on its hands.

Decisions

■ A clean small car for 1992

Cars with an engine capacity below 1 400 cc will meet the 1992 deadline: their exhaust emissions should meet European anti-pollution standards, which are similar to American standards, by 1 July 1992 for new models and 31 December 1992 for all new vehicles entering into service. A decision to this effect was taken by the European Community's environment ministers on 9 June, when they reached agreement on a regulation which also authorizes Member States to grant tax incentives to buyers of cars which meet the new standards — until these standards come into force. Small cars are expected to account for some 60% of the total number of cars on the Community's roads in the 1990s. The environment ministers intend to bring the regulations covering cars with an engine capacity above 1 400 cc into line with the one they have just adopted.

■ The gift of tongues for the single market

The Twelve are tackling language barriers at last. Between 1990 and 1994 the European Community will spend some ECU 200 million (ECU 1 = UK£ 0.66 or IR£ 0.78) to help improve language teaching. The aim of this action, baptized Lingua ('tongue' in Latin, Italian and Portuguese), is to enable a maximum number of Europeans to develop proficiency in another language. Thanks to Lingua, students and teachers will be able to sharpen their linguistic skills by spending time in another European country. The programme will also help companies and professional bodies to develop the linguistic talents of their personnel. And, finally, it will encourage exchanges between young people over 16 who are undergoing vocational or specialized training.

■ Banks and the single market

From 31 December 1992 a bank established in any European Community country will be able to conduct business throughout the 12-nation Community, whatever its nationality. The Community's finance ministers reached agreement on 19 June on two of the three regulations which condition the single market in banking services; they had already adopted the third on 17 April. In order to take advantage of the single market a bank will have to obtain a licence from the Community country in which its registered offices are located. To do so it will have to meet certain Community requirements. However, the Twelve could decide to refuse this licence to banks of a third country which refuses to grant equivalent rights to Community banks.

■ Ban on insider trading

By 1 June 1992 all 12 European Community countries will have to ban insider trading, i.e. stock market operations by those with inside information. The Community's finance ministers unanimously approved a regulation along these lines on 19 June. The new Community regulation also requires Member States to enforce the ban by means of penalties. At present, comparable legislation exists only in the United Kingdom, France and Denmark. Germany and the Amsterdam stock exchange both have good conduct codes.

■ EC-wide competition for public contracts

The two EC directives which throw open government supply and works contracts to Community-wide competition are enforceable. The fact is that companies which feel their tenders were turned down on grounds of nationality can appeal against the decisions of government bodies which fail to respect Community legislation. A guarantee to this effect is contained in a Regulation which the EC Council of Ministers approved on 14 June. Government procurement in the 12-nation Community amounted to an estimated ECU 400 billion in 1987.



● The **Spanish peseta** and **Portuguese escudo** will join the 10 other European Community currencies in the 'basket' which is the **European currency unit**, or ECU, from 21 September 1989. The decision to add the two currencies to the 'basket' was taken by the Community's finance ministers on 19 June.

● Europeans will soon be able to set up **single-member private limited-liability companies** in all 12 European Community countries, under the terms of a twelfth Directive on company law adopted by the Community's industry ministers on 21 June. It should stimulate the creation of small and medium-sized companies.

● Common rules to decide questions of **jurisdiction and enforcement of judgments in civil and commercial matters** will apply throughout the 12-nation European Community before 31 December 1992. These rules, already in application among 10 of the Community's 12 Member States, have been extended to Spain and Portugal, with the signature of a convention by the Community's justice ministers on 26 May in San Sebastian.

● All the European Community countries, with three exceptions, have decided to **speed up the transmission of extradition demands**, with the signature of a special convention on 26 May at San Sebastian. The three exceptions are the United Kingdom, Germany and Ireland.

● From 31 December 1995 credit institutions throughout the 12-nation European Community will calculate **interest on personal loans** between ECU 200 and ECU 2 000 in the same way. Excluded from the agreement, reached by the EC Council of Ministers on 1 June, is the calculation of related charges, such as insurance.

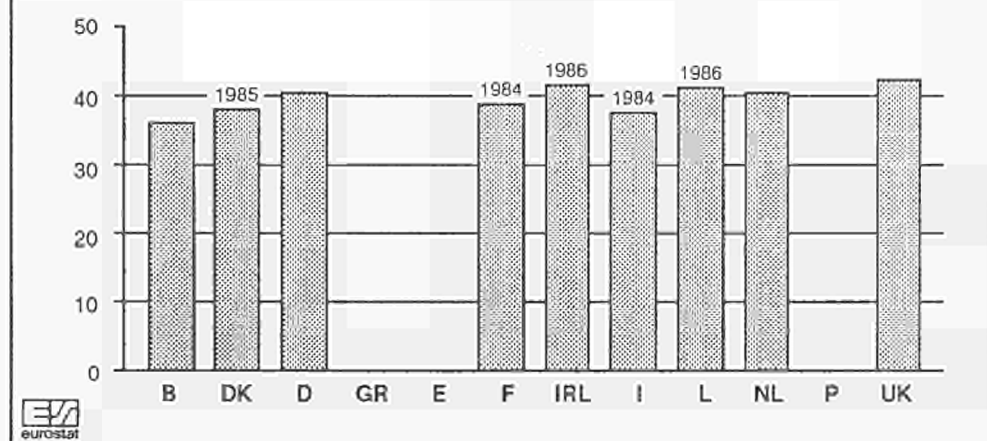
● **VAT** will gradually assume a **European coloration**, as it comes to be levied on the same goods and services throughout the Community. The EC's finance ministers decided on 19 June to eliminate most of the derogations in three stages, on 1 January 1990, 1991, and 1992.

● To meet the single market's **statistical needs** the Community's finance ministers have adopted a programme for the period 1989 to 1992.

● 5 June was a **red-letter day for Community transport**. The EC Council of Ministers reached agreement on the tread depth of tyres used on cars, minibuses and light trucks — 1.6 mm; the length of articulated vehicles and the length of the derogation to be granted to the United Kingdom and Ireland as regards the maximum authorized weights of trucks — until 31 December 1998. The Community's transport ministers also decided to do away with the statistical formalities related to the transport of goods at frontiers. Air transport was the subject of another ministerial decision. It provides for greater competition between inter-regional air services using aircraft with more than 70 passenger seats. The ministers also adopted a European code of conduct for computerized reservation systems (CRSs), which eliminates discrimination on grounds of nationality.

● **Protective equipment for workers, tinned sardines, egg-based food products and sheep and goats** for breeding purposes have nothing in common, of course — but for the fact that all were the subject of agreements in the EC Council of Ministers in recent weeks on the Community standards needed to ensure their free movement in the single market.

Weekly hours of work offered to manual workers
in 1987



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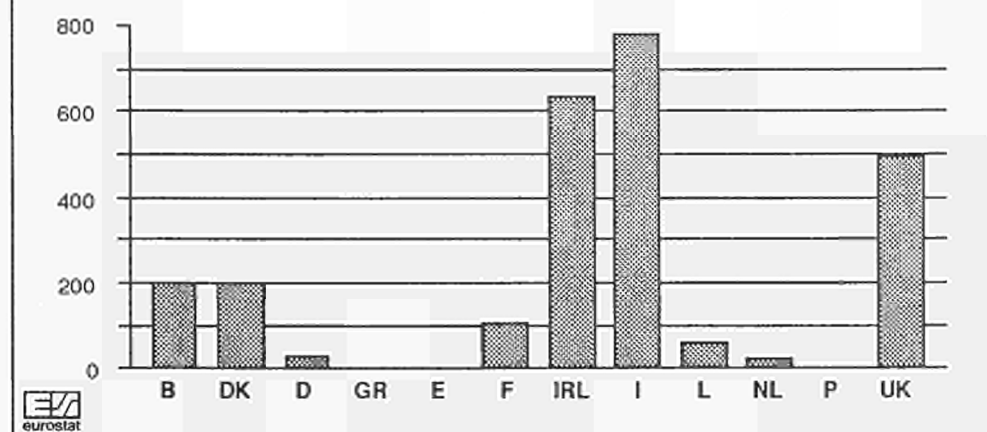
B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
36.0	37.9	40.5	:	:	38.9	41.6	37.4	41.0	40.2	:	42.5

Length of the working week in the EC

In 1987 there was a difference of 6.5 hours between the longest average working week in the EC and the shortest.

In the United Kingdom industrial workers were offered an average of 42.5 hours of work a week, as against 36.0 hours in Belgium.

Number of working days lost through industrial stoppages,
per 1 000 employees (average 1977-87)



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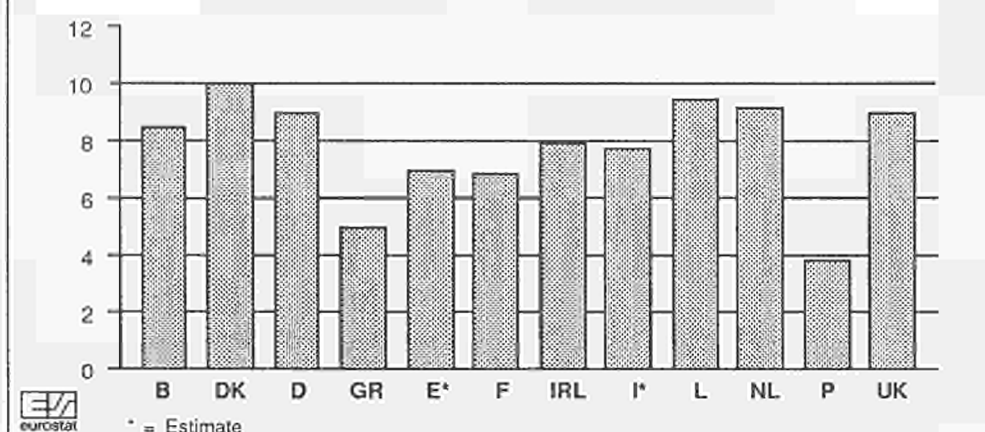
B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
205	204	28	:	:	104	631	778	58	25	:	494

Industrial stoppages in the EC

There is considerable variation between the Member States in the average number of working days lost each year through industrial stoppages (per 1 000 employees between 1977 and 1986).

Whereas 778 working days were lost on average each year per 1 000 employees in Italy, the figure was only 26 days in the Netherlands and 28 days in the Federal Republic of Germany.

Average gross hourly earnings of manual workers in industry, October 1987 (current PPS)



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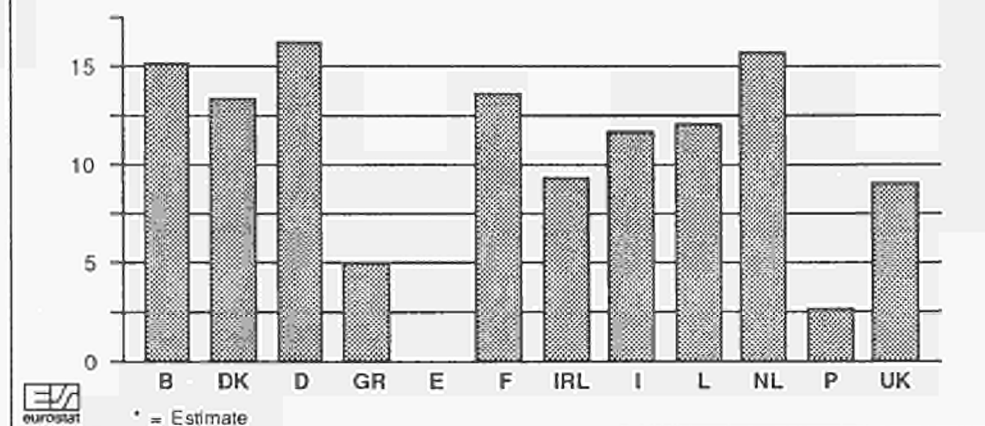
B	DK	D	GR	E*	F	IRL	I*	L	NL	P	UK
8.50	10.03	8.93	4.92	6.91	6.83	7.88	7.68	9.47	9.15	3.82	8.96

Average gross monthly earnings

In 1987, the average gross hourly earnings of a manual worker in industry, expressed as a purchasing power standard (PPS), was significantly higher in the north of Europe than in the south.

For instance, Danish industrial workers - with the highest gross hourly wage in the EC - earned more than twice as much as their Greek and Portuguese counterparts.

Average labour costs in industry*, 1986 (in ecus)



Average labour costs in industry, 1986 (in ecus)

B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
15.07	13.39	16.22	4.97	-	13.59	9.34	11.71	12.10	15.74	2.64	8.99

Average labour costs

Labour costs in industry comprise the employers expenditure on remuneration for the work carried out.

In 1986, the highest costs were recorded in the Federal Republic of Germany, the Netherlands and Belgium - more than six times higher than in Portugal, the lowest value recorded in the Community.

Initiatives

● The peseta enters the ERM

The Spanish peseta has been participating in the exchange rate mechanism (ERM) of the European Monetary System since 19 June, on the same terms as the Italian lira — within the relatively wider band of 6% on either side of its central rate *vis-à-vis* the other ERM currencies: German mark, French franc, Belgo-Luxembourg franc, Danish crown, Dutch guilder and Irish pound. The Spanish Government's decision to take the peseta into the EMS was announced on 16 June and is to be viewed in the perspective of European economic and monetary union.

● Slicing up the right of residence

To end the deadlock among the Twelve over the right of residence of persons who cannot take advantage of existing European Community regulations, the European Commission has decided to divide the problem by three. It gave the Twelve on 7 June a draft regulation for each of the three categories in question: students, pensioners and those of independent means. In the case of students and pensioners the Treaty of Rome, as modified by the Single European Act, allows the Council of Ministers to decide on a majority basis. Unanimity is still required in the case of persons of independent means. In the case of students and pensioners the Treaty of Rome, as modified by the Single European Act, allows the Council of Ministers to decide on a majority basis. Unanimity is still required in the case of persons of independent means. Having failed to secure it during the Council meeting of 3 May, the Commission withdrew its proposal, which dated from 1979 and covered all three categories. The ball is now back in the Council's court.



● In order to open up **national telecommunications markets** to competition in the run-up to the single market, the European Commission adopted a directive on 28 June aimed at eliminating the various national telecom monopolies, except as regards their telephone and cable television networks. The directive will come into force on 1 April 1990, unless the Member States agree before then on a text which opens the way to a Community-wide telecoms market in the same way. The Commission at the same time proposed to the Twelve a regulation which would allow terminal equipment, such as PCs, fax machines, etc. which has been licensed in one Member State to be sold throughout the Community.

● The European Commission proposed the creation of a **European Environmental Agency** to the Twelve on 21 June. Its task would be to collect information, scientifically assess all threats to the environment and warn of Community-wide ecological risks. Other European countries could take part in the work of the Agency under certain conditions. The Commission clearly is not seeking to add yet another body to the many that already exist in Europe but rather to work more effectively at the level at which environmental problems arise.

● Researchers at the University of Ghent, in Belgium, have prepared an **inventory** of the measures taken to bring about the single market in 1992. Presented in Brussels on 18 May by the Belgian State Secretary for Europe, Anne-Marie Lizin, the inventory lists all the directives adopted so far, together with the dates on which they came into force and the names of the Belgian agencies entrusted with their implementation. An example to be followed?

● Since 1 July banks and other credit institutions in Italy have begun checking out all transfers of LIT 10 million and over. This follows a 19 May decision of the Italian banking association, aimed at **preventing the Mafia from laundering funds**. The director of the Bank of Italy, Carlo Azeglio Ciampi, has asked such controls to be extended to other European countries.

● The neighbouring regions of Wallonia (Belgium) and Nord-Pas-de-Calais (France) adopted a **programme of action and European transfrontier cooperation (Pacte)** on 31 May. Their aim: to draw up joint strategies in view of the 1992 single market.

● Ireland's civil service devoted a full issue of its in-house bulletin in June to the single market in order to promote awareness of 1992 among public servants.

● The **Greek Trade Ministry** set up an information office on 1992 in Athens on 9 June.

● Information on '1992' is available in France on **Minitel**, the country's videotext system, since 16 May. The information service launched by the French Ministry of European Affairs (36-16 Euroguide) thus links up with that set up by the offices of the European Commission and Parliament in France (36-15 CEE), which provides information on the Community in general.

Seen from abroad

▶ A more favourably disposed USA

The term 'fortress Europe' has disappeared from the vocabulary of America's political leaders. During President Delors' visit to Washington on 14 June, President Bush clearly indicated that he supported European integration and the 1992 programme, adding that a stronger Europe meant a stronger America. The American President had already claimed that the project for a single European market was not protectionist in his talks with the European Commission in Brussels on 30 May. In similar vein, the US Commerce Secretary, Robert Mosbacher, had declared in Brussels on 31 May that his fellow citizens were more favourably disposed now to the 'Europe of 1992'. The American Chamber of Commerce in Belgium even sent a message of support to the European Parliament on 6 June, in which it described '1992' as an important stage on the road to economic and monetary integration, and came out in favour of a single European currency. But support does not rule out vigilance. According to Mr Mosbacher, American industrialists are concerned at the harmonization of technical standards in the Community. However, during his visit to the European Commission, both sides resolved not to discriminate against each other in the matter of technical certification procedures. The American Vice-President, Dan Quayle, announced in Washington on 20 June the creation of a competitiveness council. It is to be entrusted with implementing project 'US 92', which seeks to ensure access to the single market for American companies.



● The 1992 single market could represent 'an impenetrable wall across Europe', the Soviet President, **Mikhail Gorbachev**, declared in Cologne on 14 June.

● The **six EFTA countries** (Austria, Finland, Iceland, Norway, Sweden and Switzerland) want to join the Twelve in building an economic space. They restated their intention during their ministerial meeting in Kristiansand (Norway) on 14 June. The Six would like to reach agreement with the 12-nation European Community on not only free movement but also government procurement, competition, transport and education.

● Twenty-three Norwegian bodies have received **NKR 2.5 million** in aid from the public sector for a study of European integration, with special reference to '1992'. This compares with total public spending in Norway of NKR 110 million in 1987.

148 new Euro-Info-Centres

The European Commission adopted a communication to the EC Council of Ministers on 31 May 1989 regarding the extension of the network of Euro-Info-Centres, or 'Euroguichets'. It contains a list of the 148 new Centres, which will complete the initial network of 39 Centres from next September.

The task of the Euro-Info-Centres is to inform, help and advise companies on Community matters, by providing them with full information, whether on Community policies or EC regulations and projects. Companies can thus seize the opportunities created by the single European market and profit to the full from Community projects and programmes. The Euro-Info-Centres supply tailor-made information, which company managers can put to direct use. In practice, most of the questions received by the Centres relate to decisions linked to the completion of the internal market, Community research and development programmes, financial instruments and company law.

The Euro-Info-Centres have gradually formed a network of their own. As a result, they can now provide detailed information on the national legislation of any of the Member States and on their differing commercial practices.

Company managers are invited to send their questions to their local Euro-Info-Centre. Each request, whether made in person, by letter or electronically, at once sets in motion a process which may involve consulting a data bank or another Euro-Info-Centre, or contacting the team of specialists based in the Commission's headquarters in Brussels.

The Euro-Info-Centres operate autonomously, but are well-integrated locally, being located in the offices of chambers of commerce, regional development bodies, professional federations and business consultancies.

When selecting the bodies in which to locate the new Euro-Info-Centres, both the European Commission and Member States took care to ensure Community-wide coverage from a geographical as well as socio-professional viewpoint. Located in all the regions of the Community, the 187 centres which will make up the complete network will service the largest possible number of enterprises within their territory, without discrimination. The new Centres will be opened gradually between this September and mid-1990.

The Euro-Info-Centres project is run by a new Directorate-General within the Commission of the European Communities. This is DG XXIII, responsible notably for business policy.

The new Euro-Info-Centres**UNITED KINGDOM**

Local Enterprise Development Unit, Belfast
 Federation of Sussex Industries and Chamber of Commerce, Brighton
 Bristol Chamber of Commerce and Industry, Bristol
 University of Exeter, Exeter
 Highland Opportunity Ltd, Inverness
 Yorkshire and Humberside Development Association, Leeds
 with West Yorkshire Network for European Business, Bradford

Euro-Team, Leicester
 North-West Euro-Services, Liverpool
 Kent County Council, Maidstone
 Manchester Chamber of Commerce and Industry, Manchester
 Norwich and Norfolk Chamber of Commerce and Industry, Norwich
 Nottinghamshire Chamber of Commerce and Industry, Nottinghamshire
 Welsh Development Agency, Pontypridd
 Thames Chiltern Chamber of Commerce, Slough
 Shropshire Chamber of Commerce and Industry, Telford
 with Staffordshire Development Association, Stafford
 Hampshire Development Association, Winchester

IRELAND

Cork Chamber of Commerce, Cork
 Galway Chamber of Commerce and Industry, Galway
 Sligo Chamber of Commerce, Sligo
 Waterford Chamber of Commerce, Waterford

European companies in Andalusia

More than 500 European businesses that want to be better prepared for the challenge of the 1992 single market took part in the last stage of the 'Europartenariat '89' programme, held on 22 and 23 June.

A catalogue in English, French, Spanish and German had been widely distributed throughout the EC. It enabled 221 selected Andalusian companies to publicize their offers of cooperation. More than 300 European entrepreneurs and consultants responded and spent the two days in discussions with their potential Andalusian partners. For the European Commissioner for business policy, A. Cardoso e Cunha, 'Europartenariat '89' is an example of the concrete, useful activities which the Commission wants to develop in the framework of its business policy, in order to increase cooperation between European enterprises.

Support for SMEs

The European Community's industry ministers adopted a decision on 21 June aimed at improving the environment in which businesses, especially small and medium-sized enterprises (SMEs), operate in the Community. Pending the opinion of the European Parliament and the Economic and Social Committee, the Council also noted a political consensus in favour of a draft recommendation aimed at simplifying administrative procedures in the Member States in favour of SMEs.

The programme adopted will cover the period from 1990 to 1993. It seeks to encourage the creation and development of businesses by introducing measures at the Community level which are aimed at: the elimination of unnecessary administrative, financial and legal constraints; the supply of information to businesses and the encouragement of inter-company cooperation, especially among SMEs in different regions of the Community.

The industry ministers earmarked ECU 135 million for the period 1990-93. ECU 25 million of this has been put into a reserve, to be released after evaluation of the programme and on a unanimous decision of the Council.

The contents of this publication do not necessarily reflect the official views of the institutions of the Community.

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