



Requirements of the new Delors commission

The first requirement for the complete success of the project for a frontier-free market is the completion by the Twelve of the '1992 programme'. This provides for the free movement of persons, goods, services and capital within the 12-nation Community. President Delors recalled this when he addressed the European Parliament in Strasbourg on 17 January, on the course the European Commission has set itself for the next four years (1989-92).

- But Jacques Delors also stressed that this requirement would not be enough. In the course of his speech he evoked other requirements the Community will have to meet if it wishes the single market to be a genuine common area, a Community that is 'fleshed out' and yet not deficient in 'soul'.

For European citizens, the single market will be a success only if they can perceive the frontier-free Europe as tangible. This implies that persons moving from one member country to another should no longer be subject to checks. It also implies achievements, both large and small, such as an end to exchange controls and to VAT being levied twice over; the mutual recognition of professional qualifications and more exchanges between students, professors and researchers, etc.

- For the Community's most disadvantaged regions and social categories, the single market will become synonymous with progress only if they can adjust in time and without too much cost. The same is true for farmers and for industrial and service companies, who must have the means to take advantage of the new, frontier-free area under construction. The Community's aid and research programmes must contribute to this in their respective areas.

- To benefit as much as possible, in terms of prosperity and jobs, from the single market, Europe should seek to move towards economic and monetary union. Even the Community's Heads of State or Government are agreed on this. For Jacques Delors this will require the creation of 'a federal structure of central banks with a European organism' and a further reform of the Treaty of Rome, the Community's 'Constitution'.

- '1992' will have a positive effect on wage-earners and the unemployed only if their present gains are preserved, at the very least. Mr Delors, who has insisted on the Community's 'social dimension' ever since he assumed the presidency of the Commission, reminded the Euro-MPs at Strasbourg that his departments were drawing up a charter of fundamental social rights, together with rules aimed at preventing 'social dumping'.

- As for the environment in which Europeans live, the Commission President held the single market could hardly be considered an improvement if it allowed the balance between man and nature to be destroyed and left unchecked such assaults on the citizen as are represented by high noise levels, pollution and the sale of defective or dangerous products. It was not a question, Mr Delors insisted, of treating the internal market and the environment as opposites but of integrating them.

- Finally, given the fact that the European Community is the world's largest trading entity, the single market cannot be created in isolation from the rest of the world. To the Community's trading partners, who had their own requirements, the Commission President's reply was that 'Europe will be open, but not on offer'. To the European countries that are on the outside of the Community, he expressed a readiness to seek a cooperation framework adapted to each national situation. And as for Mr Gorbachev's vision of a 'common house', Mr Delors favoured a 'European village', one of whose houses would be the 12-nation Community.

Decisions

■ 'Social dimension' — the first act

The first concrete manifestation of the 'social dimension' of the single market is the new framework directive regarding health and safety of workers at the workplace. Approved by the EC Council of Ministers on 16 December 1988, it establishes the principle of the employer's responsibility in the matter and sets out the minimum health and safety requirements to be met by companies. It also provides for simplified procedures for small and medium-sized enterprises (SMEs).

■ 1988 ends in a burst of activity

At their last meeting in 1988 the European Community ministers responsible for the internal market approved no fewer than 22 directives under the '1992' programme. Ministers also reached agreement at their 21 December meeting on four texts, ranging from safety of machinery to medicinal products and foodstuffs. A number of texts which had been approved earlier were formally adopted by ministers as 'Community laws'.

■ Safety of machinery

By harmonizing national standards, the directive approved on 21 December will bring about a common market in new machinery covering more than half the output of the European Community's mechanical engineering industry — some ECU 110 to 120 billion* a year. The text, which should come into force on 1 January 1993, defines the essential general safety requirements, thus improving the safety of new machines. The detailed technical standards will be drawn up by experts from the Member States.

■ Official inspection of foodstuffs

Thanks to a directive approved by EC ministers on 21 December, official bodies in all 12 Member States will apply the same general principles when carrying out the sanitary inspection of foodstuffs, food additives and materials and articles intended to come into contact with foodstuffs.

■ Medicinal products derived from human blood

To prevent the transmission of infectious diseases, such as Aids and hepatitis, through medicinal products derived from human blood and plasma, the directive approved by the Twelve provides for a rigorous system of control and testing before the products in question are put on the market.

■ Radiopharmaceuticals

The directive approved by the Council seeks to guarantee, in an identical manner, the quality, safety and efficacy of radiopharmaceuticals throughout the 12-nation European Community. It does this through specific provisions covering the packaging and labelling of these products, as well as the necessary instruction leaflet.

■ ...and political agreements that have become 'laws'

The ministers formally adopted a number of directives, on completion of the cooperation procedure, following the second reading by the European Parliament. The main texts in

* 1 ECU = £0.65 or Ir£0.78.

question were the object of an agreement among the Twelve in June, 1988 (see *Target 92*, No 5/88). They deal with the mutual recognition of higher-education diplomas; safety requirements applicable to buildings; EEC-type approval for new types of tractors; trade mark law; the pricing of medicinal products and foodstuffs — frozen, additives and material that come into contact with foodstuffs.

■ Meat products ready for '1992'

The Community's Agricultural Ministers also contributed to the realization of the '1992' programme during their last meeting in 1988. They adopted two directives on meat products which complete the existing regulations in the context of 1992. The first of them harmonizes the health regulations covering minced meat and meat in small pieces, the second provides for sanitary rules and inspection procedures for meat-based products.

■ Towards a single market for savings...

The European Community's Finance Ministers approved a directive on credit institutions' own funds on 12 December 1988. Its aim is to ensure equivalent conditions of competition between banks and provide depositors the same level of protection throughout the 12-nation Community.

■ ...and investments

During the same meeting Finance Ministers also agreed on the rules that apply to the prospectus to be published when unlisted, transferable securities are offered for the first time to the public in a Member State. The aim of the directive is to stimulate investments, even while protecting investors.

■ Frontier-free studies for 81 universities

Some 81 universities and three university associations, selected in mid-December, 1988, by the European Commission, will take part in the experiment on transferable credits organized in the framework of the Erasmus programme from the 1989/90 academic year.

The following British and Irish universities have been selected: **Business management** — The Wolverhampton Polytechnic, University of Lancaster; the National Institute for Higher Education, Limerick. **Chemistry** — University of Kent at Canterbury and Thames Polytechnic, London; University of Strathclyde; NIHE, Dublin. **Mechanical Engineering** — University of Glasgow; Lancashire Polytechnic; RTC, Galway. **Medicine** — University of Bristol, together with a second university, still to be selected. An Irish university will be selected later. **History** — University of Edinburgh; University of Sussex; University College, Cork.

■ A European passport for 175 spirit drinks

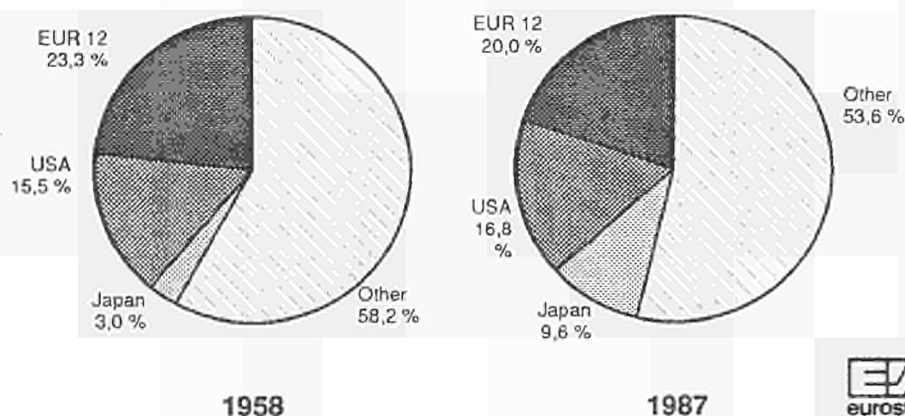
Whiskies, cognacs, brandies and other spirit drinks produced in the Community — 175 of them in all — are now officially defined under the terms of a Council regulation approved by the EC's Agricultural Ministers on 14 December 1988. The regulation will allow these drinks to travel freely within the Community and ensure their quality.

Initiatives

● The social dialogue quickens

The European Commission President, Jacques Delors, and the European Commissioner for Social Affairs, Mrs Vasso

Structure of world trade (%)



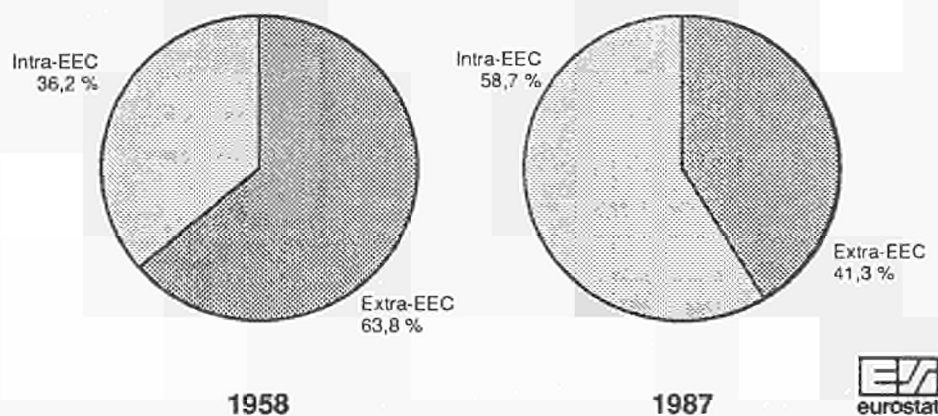
Community and the world

Structure of world trade (%)

| | 1958 | 1970 | 1980 | 1987 |
|-----------------|------|------|------|------|
| EUR 12 | 23,3 | 22,4 | 21,2 | 20,0 |
| USA | 15,5 | 16,1 | 14,1 | 16,8 |
| Japan | 3,0 | 7,6 | 8,3 | 9,6 |
| Other countries | 58,2 | 53,9 | 56,4 | 53,6 |

The Community is the largest exporter and the largest importer, followed by the US, and in both cases their share remained almost stable during the whole period. Japan's share increased threefold. This emergence of Japan into world trade reduced the Community's share, which at present is 20% of world trade.

Share of intra- and extra-EUR 12 trade (%)



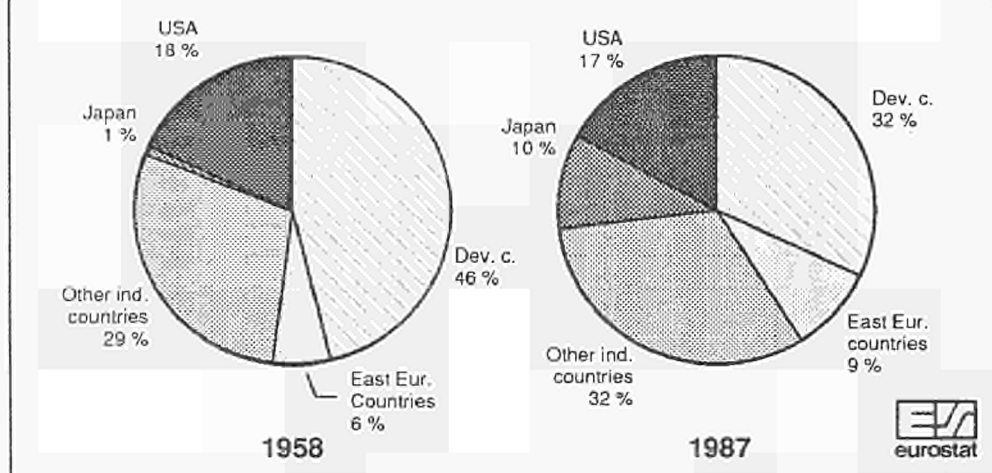
Intra-Community trade

Share of intra- and extra-EUR 12 trade (%)

| | 1958 | 1970 | 1980 | 1987 |
|-----------|------|------|------|------|
| Intra-EEC | 36,2 | 51,8 | 52,3 | 58,7 |
| Extra-EEC | 63,8 | 48,2 | 47,7 | 41,3 |

Since 1958 intra-Community trade has risen to almost 60% of total Community trade, which highlights the radical changes in trade patterns brought about by setting up the European economic area. In real terms, intra-Community trade increased by more than eight times whereas extra-Community trade increased by only 3.5 times. In constant terms the respective increases were by 37 and 14 times.

Imports from outside EUR 12 (%)



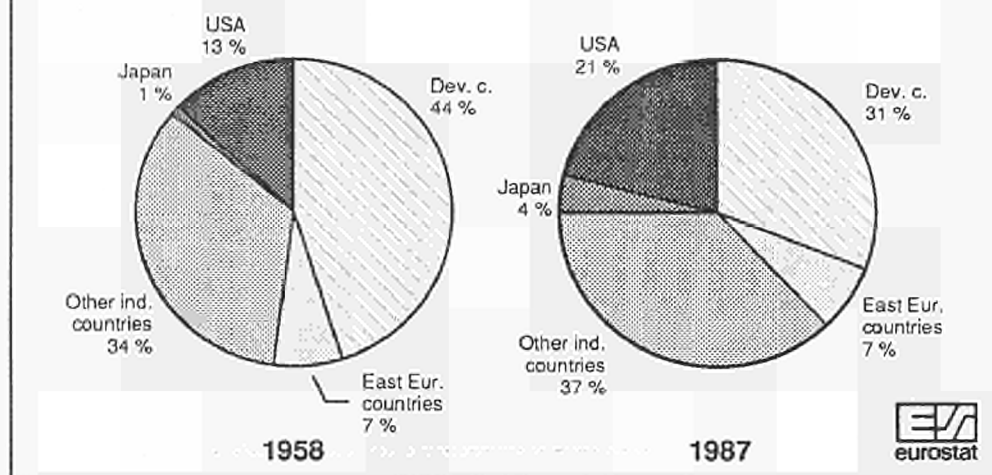
The Community as a customer

Imports from outside EUR 12 (%)

| | 1958 | 1970 | 1980 | 1987 |
|----------------------|------|------|------|------|
| USA | 18 | 22 | 17 | 17 |
| Japan | 1 | 3 | 5 | 10 |
| Other ind. countries | 29 | 30 | 26 | 32 |
| East Eur. c. | 6 | 7 | 8 | 9 |
| Dev. c. | 46 | 38 | 46 | 32 |

In the course of the Community's existence the origin of its imports has changed substantially. The proportion of imports from industrialized countries overall, and from Japan in particular, has grown considerably. This is linked with the fact that proportionately the Community is importing a growing amount of manufactured items, and consequently fewer commodities and energy products, thus reducing the proportion of imports from developing countries.

Exports to outside EUR 12 (%)



The Community as a supplier

Exports to outside EUR 12 (%)

| | 1958 | 1970 | 1980 | 1987 |
|----------------------|------|------|------|------|
| USA | 13 | 18 | 13 | 21 |
| Japan | 1 | 3 | 2 | 4 |
| Other ind. countries | 34 | 38 | 35 | 37 |
| East Eur. c. | 7 | 9 | 9 | 7 |
| Dev. c. | 44 | 31 | 41 | 31 |

It is difficult to discern a pattern in the structure of the Community's trading partners over the period 1958-1987. On the other hand, over the period 1980-1987 the proportion of exports to developing countries has decreased, which appears to be linked to a sharp drop in the resources allocated by these countries to purchases abroad. The industrialized countries are increasing their share of the EEC's exports.

Ever since its inception, the EEC has had a trade deficit every year, except in 1986, with third countries.

Papandreou, met in Brussels on 12 January with the heads of the European organizations representing the employers (Unice), the public sector (CEEP) and the trade unions (ETUC). They decided their organizations would jointly study the prospects for a European labour market as the single market becomes a reality as well as the accompanying policies. They would also look at education and training at the Community level. Mr Delors stated that the European Commission would carry out sectoral studies 'to reduce the impact of the completion of the single market'. Before the meeting, the ETUC came out in favour of framework agreements between employers and trade unions at the Community level.

● Madrid liberalizes investments

Spanish residents are free to invest in other European Community countries under the terms of a governmental decree of 23 December 1988. The decision represents a step towards the peseta's entry into the European Monetary System.

● Ground rules for takeover bids

The European Commission is against takeover bids which encourage speculation but favours those which help the economy of the 12-nation European Community prepare for '1992'. It has therefore proposed common ground rules, in the form of a directive which would require (i) that a takeover bid cover all the shares of the company in question and (ii) that those launching the bid state clearly their intentions as regards the company's activities, its personnel and finances. The directive would also require all Member States to set up a supervisory authority, if one does not exist already. Under an existing EC Council decision information must be provided following the acquisition of a large percentage of the shares of a listed company.

● A frontier-free Europe for drivers

The mutual acceptance by the Twelve of the driving licences issued by them, and the extension of the single market to motor car insurance, would make life easier for motorists. The two measures the European Commission proposed in December would allow them (i) to keep their driving licence on changing their country of residence and (ii) take out an insurance policy in any Community country. Accident victims would be guaranteed adequate compensation.

● For a more European approach to standards

Some 90% of the optional technical standards prepared in the 12 Member States are for domestic use and unrelated to European standards. As for the compulsory technical rules, the Member States do not always communicate them to the European Commission, although the latter has held that 25% of the drafts which it received between 1984 and 1987 amounted to trade barriers.

The Commission, not surprisingly, has expressed its disappointment at the way in which the binding Community-wide system of information is working. The system was introduced by a directive in 1983, and extended on 1 January of this year to sectors hitherto excluded from its scope: agricultural products, pharmaceuticals, food products and cosmetics.

In a report published in mid-December the Commission announced several proposals aimed at improving the situation. They include the rapid translation into all the Community languages of the text of all technical rules drafted by Member States; a survey of all national publications containing such rules and yet firmer handling of infringements. As regards op-

tional standards the Commission has proposed an increased flow of information to industrialists and consumers and a reinforcement of the means available to the European Standardization Committee, which includes experts from the Commission and Member States.

● Record number of mergers in Germany

The Federal Cartel Office in Germany authorized a record number of company mergers in 1988: 1 100 as compared to 887 in 1987 and 802 in 1986. German experts believe that the aim of these mergers is to prepare companies for the single market in 1992. A wide range of sectors is involved, including petroleum products, breweries, insurance and travel.

● The first employers' summit

The first summit of European employers, held in Paris on 13 December, brought together nearly 4 000 company managers from the European Community and another eight West European countries. They adopted 'a joint declaration of European enterprises', committing them to strengthening cooperation among European firms and continuing the dialogue with the trade unions.

The meeting called on the European Commission to develop the cooperation with other European countries and to secure reciprocity from other countries as regards market access.

● The '1992' calendar

On the last Tuesday of each month, starting in February, a morning information programme on the theme 'Euroeconomics and political deadlines' is being organized by the European Institute for the Future, in Paris, at the European Commission's Press and Information Office. For more information contact the Institute at 10 rue Dupont des Loges - 75007 Paris. Telephone: 45-55-03-06.

13 and 14 April, in Brussels: Congress of the association of Euro-managers, on the theme of the creation of an integrated market for managers in Europe. (79 avenue Winston Churchill, B-1180 Brussels.)

From 25 to 27 April, in Brussels: Symposium of the International Civil Airports Association on 'The airports prepare for "1992"'. Telephone the ICAA in Brussels for detailed information: 212-24-63.

24 and 25 May, in Marcinelle (Belgium): Symposium organized by the European Interuniversity Institute for Social Action (IEIAS) on the theme of women in 1992. For information, contact IEIAS, 179 rue du Débarcadère, B-6001 Marcinelle, Belgium. Telephone: (71) 36-62-73.

19 October, in Hanover: Session of the Federation of the cities and municipalities of Lower Saxony, on the theme of municipalities in the Europe of 1992.

BRIEFLY

● The Spanish Prime Minister, Felipe Gonzalez, expressed support in Brussels on 12 December for a European security agency to combat terrorism and international crime in a Community without internal frontiers. The Vice-President of the German Federal Police echoed his views in Bonn 10 days later with a call for a 'European FBI'. Similar views had already been expressed by Chancellor Helmut Kohl as well as several national police federations (see *Target 92*, Nos 7 and 8/88).

● Italy is to join its five European Community partners this spring in the Schengen group, set up to facilitate border crossings (France, Germany and Benelux). The necessary measures were taken by the Five and announced by them at the close of their ministerial meeting in mid-December.

● The education ministers of the German region of Bade-Wurtemberg have decided to give a European dimension to their educational programmes for both students and teachers. The programme now provides for visits to Brussels and Strasbourg and exchanges with other Community countries.

● Portugal's Social Democrats, who form the government in Lisbon, organized a 'Europe 1992' day on 7 January. Their aim: alert public opinion to the challenge of the single market.

● The Italian Government announced the creation of an internal market council on 20 December. Its task is to involve the various sectors of the economy in the 1992 programme.

SMEs

The Commission launches training schemes

The completion of the single market presents small and medium-sized enterprises (SMEs) with both an opportunity and a challenge. An opportunity, because the elimination of barriers to intra-Community trade and the possibility of operating within a very large market should give a boost to any enterprise. But the single market also represents a challenge. To take advantage of it, European businesses will need to know what changes are likely to take place and to adopt the right approach.

At the end of last year the European Commission adopted an experimental programme of training activities, in the framework of its action programme for SMEs. The aim is to enable SMEs to prepare themselves for the opportunities presented by the single market — and to seize them.

The activities now proposed include training of SME managers in strategic management, in the run-up to 1992; analysis of the sectoral and regional impact of the single market on SMEs and the launch of a series of accompanying activities.

Training of SME managers in strategic management

The aim is to experiment, with the help of selected training and advisory agencies, in training methods aimed at helping managers prepare a strategy that will allow them to build up their enterprises in the framework of the single market.

The training scheme will tell managers what the completion of the single market involves and its consequences; help them analyse the various elements of their businesses and identify not only coming changes but also their own strengths and weaknesses in relation to the new European environment. The training will also give managers the means to define, or modify, their strategy and spot, if necessary, additional training needs, the possibility of taking part in programmes of specific Community actions.

The Commission will provide the training agencies selected by it with training methods in the form of six separate modules, covering:

- (i) the strategy challenge of the single market: competitiveness;
- (ii) commercial challenges;
- (iii) technological and technical challenges;
- (iv) financial challenges;
- (v) the human resources challenge; and
- (vi) a comprehensive overview of the strategy approach to 1992.

In addition to receiving the six-part training programme and teaching tools, the training and advisory agencies will be granted financial assistance up to 50% of the cost of the training offered, within a limit of ECU 20 000. This financial contribution will reduce the cost to managers taking part in the training programme.

Mobilizing sectoral and local agencies

The Commission will also aid seminars dealing with regional or sectoral analyses of the impact of the single market, carried out by sectoral organizations and trade associations. The seminars will be limited to two days. The Commission will put at the disposal of the organizers information aids and will fund up to 50% of the cost of the seminars, with an upper limit of ECU 10 000.

The accompanying actions envisaged by the European Commission include the creation of a network which would enable training agencies to cooperate with each other and exchange experiences. It will also launch a research project to prepare a training programme in cooperation strategies, aimed at alerting managers of SMEs to the possibilities of transnational cooperation and partnership between companies.

The European Commission launches 'Eurotech capital'

A new pilot project, 'Eurotech capital', was approved by the European Commission at the end of 1988, on a proposal from the Commissioner responsible for financial engineering and small and medium-sized enterprises (SMEs). Its aim is to encourage private economic operators to set up investment mechanisms which meet the financial needs of promoters of transnational high technology projects, even while giving priority to the SMEs involved in such projects.

Under the pilot project, any new or existing financial entity which meets certain specific conditions will be entitled to the Eurotech capital label. The conditions are: an investment capacity of at least ECU 50 million and more than 20% of the total sum to be reserved for financing transnational high technology projects.

The credits available under Eurotech capital can be used by the Commission to make financial contributions as well as provide other forms of direct aid (access to two databases; the holding of regular meetings between the managers of Eurotech capital and the promoters of transnational high technology projects).

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