



AN END TO FRONTIERS...

Rhodes shows how

'The internal market consists of a territory without internal frontiers, within which the free movement of goods, persons, services and capital is assured...'. The words are from the EEC Treaty, the European Community's 'Constitution' and, therefore, the basic law for the Twelve.

The leaders of the 12-nation Community have not shown themselves equally determined to implement this law. Britain's Finance Minister, Nigel Lawson, told his European colleagues in September that he envisaged a 'substantial reduction' in border controls, but not their elimination. Police federations in the individual Member States are alarmed at the idea of the eventual disappearance of the present system of frontier controls.

Even in industrial circles, where acceptance of the 1992 project is widespread, some would be prepared to live with internal frontiers. One of the leaders of the Confederation of European Industries (Unice) declared that the European Commission 'must not become fixated' on the frontier issue. He was speaking at a conference organized by the Club of Brussels at the end of November, on the subject of the internal market. Only a few minutes earlier a leading figure in the German federation of industrialists had argued that while the removal of border controls on goods and services was essential, it was less important in the case of people.

The German Economics Minister, Martin Bangemann, had expressed some concern at the opposition to the elimination of frontier controls which had been voiced in the EC Council of Ministers in November. Mr Bangemann, who joined the European Commission in January, warned German industrialists against the temptation to neglect so vital an element of the 1992 project. In much the same way the Commission President, Jacques Delors, had alerted the French Senate to this key issue on 20 October 1988: 'Do we want to eliminate internal frontiers as required by the decision of the Heads of State? If we keep them we will still have a single market, but we will no longer be in the situation sought by the Heads of State or Government'. In other words, a single market with frontier controls will not be the Europe its citizens have been promised since 1985.

To move things along, Jacques Delors proposed a method to the Twelve during the European Council at Rhodes on 2 and 3 December. They accepted it. Each of them will now appoint someone to coordinate all the issues which are outside the Community's competence and must be settled between the governments themselves: terrorism, drug trafficking, international crime, extradition, the right of asylum, and so on. The summit took the view that once this task had been completed, the Council of Ministers could take the measures within its competence. The Community's Heads of State in fact asked the Council to intensify its efforts in this direction.

It is to be hoped that the 'Delors' method' will make it possible to disentangle a complex situation, which arises from the fact that numerous national and even regional authorities are each dealing with a small part of the problem. However, in the last analysis, nothing can replace the will to have done with the Community's internal frontiers.

Decisions

■ Small cars, big market

The European Community has taken another step towards the creation of a single market for motor cars. By nine votes to three, the Community's environment ministers agreed on exhaust emission standards for cars smaller than 1.4 litres on 24 November. This category should account for some 60% of all cars on the Community's roads in the 1990s. The new standards should lead to a sharp reduction in the pollutants contained in exhaust emissions and will come into force in 1992 for new models and in 1993 for existing models. The nine countries that voted for the new emission standards undertook not to use tax incentives to encourage customers to buy cars built to different standards. The three negative votes were cast by countries that favour stricter standards. One of them, the Netherlands, had announced national measures designed to encourage the sale of cars built to the stricter American standards. It has since had its knuckles rapped by the European Commission.

The EC adopted exhaust emission standards for cars of more than 1.4 litres in December 1987. The special rules applicable to cars with diesel engines were adopted in June 1988.

■ Progress in the food sector

The European Community is clearly making faster progress harmonizing its food laws than in agriculture. This is because the Greek Government, which has had the Presidency of the EC Council of Ministers during the second half of 1988, decided to turn the task over to the ministers responsible for the internal market.

The Council meeting of 18 November indicates that Athens was right to take the matter away from the Community's agricultural ministers. The fact is their colleagues were able to reach agreement on the general rules which will apply to foodstuffs intended for such specific categories of consumers as infants, sportsmen, those on diets, and so on.

Ministers also decided to extend the use of the Community regulation on the labelling of foodstuffs and to complete it with an identification system for packaged foodstuffs. A special sign is to be used, to enable a given batch to be traced quickly throughout the Community.

■ Harmonization of medicaments

Progress towards the single market for medicaments continues. The EC Council of Ministers agreed on 18 November to extend Community standards regarding quality and information for consumers to products so far excluded. Moreover, medicaments exported to non-EC countries will have to meet the same standards as those intended for sale within the single market. The Council also added vaccines and products related to each other to the list of medicaments covered by the harmonization measures.

■ Economists in the service of '1992'

The European Community's best economists will be able to use their talents in the service of the single market. Between 1989 and

1992 they will be able to apply to the Community for scholarships as well as funds to conduct research, whether at home or in another EC country, and to take part in European research networks and projects.

The Community's research ministers have decided to devote ECU 6 million (1 ECU = UK£ 0.65 or IR£ 0.78) to these activities. Research topics include the '1992 programme' as well as specific aspects of it: North-South problems within the 12-nation Community; fiscal and monetary issues; and questions of employment, social policy and health.

The programme's acronym, SPES (Stimulation plan for economic sciences), means 'hope' in Latin. Another of its aims is to encourage young economists working in non-EC countries to return to Europe.

■ Safer juggernauts

There should be fewer accidents in future in which pedestrians or cyclists are crushed under the wheels of heavy lorries. From 1 June 1990 such lorries will need a special system of lateral protection in order to obtain the Community certification required for sale anywhere in the EC. A decision to this effect was taken by the EC Council of Ministers on 18 November. All heavy vehicles brought into use after 1 January 1991 will have to conform to this regulation, as will their trailers.

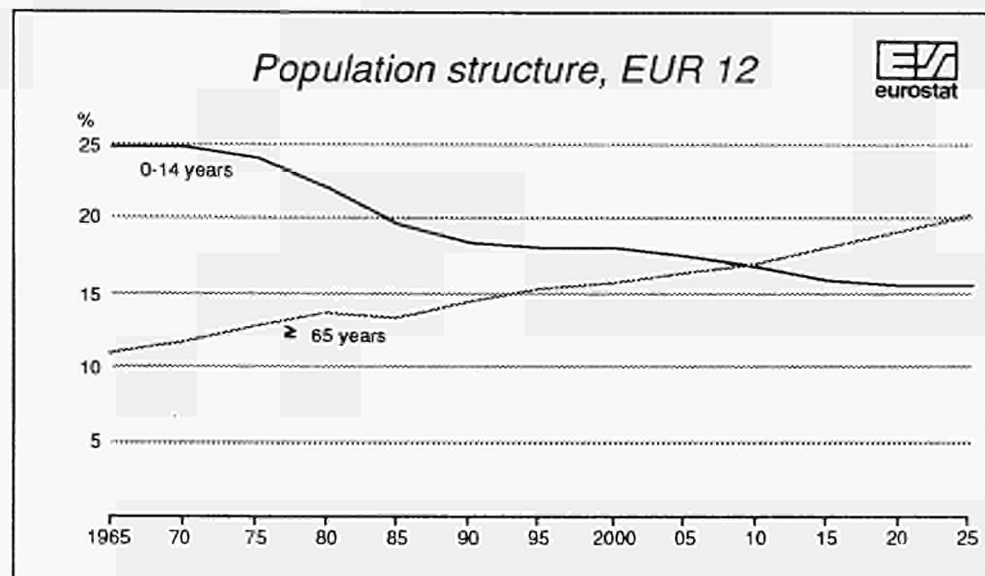
Initiatives

● The European audiovisual market

The leading players in the European Community's audiovisual sector will gather in France in the spring of 1989 to encourage the emergence of a European audiovisual market. It was President François Mitterrand's idea, and it was taken up by the other Heads of State or Government when they met on the Greek island of Rhodes on 2 and 3 December. This 'European Audiovisual Conclave' will be open to personalities from other European countries. It should lead to activities similar to those under the technological Eureka programme, born out of the cooperation between the governments of interested countries.

The French Government's proposals for the audiovisual sector give pride of place to the promotion of the European system of high-definition television (HDTV). The European Commission agrees with this; in fact it urged the Twelve in mid-November to set up a European Economic Interest Group (EEIG) for this purpose, involving both governments and interested professionals.

HDTV sets will be on sale in the 12-nation Community at the beginning of the 1990s. Thanks to a new electronic imaging technology, they will offer very high quality sound and image. No doubt HDTV will also provide a single European market for manufacturers, dealers and viewers. A consortium of some 30 European companies has already successfully demonstrated both the technology and the standards, covering everything from the production of programmes to their reception by viewers.



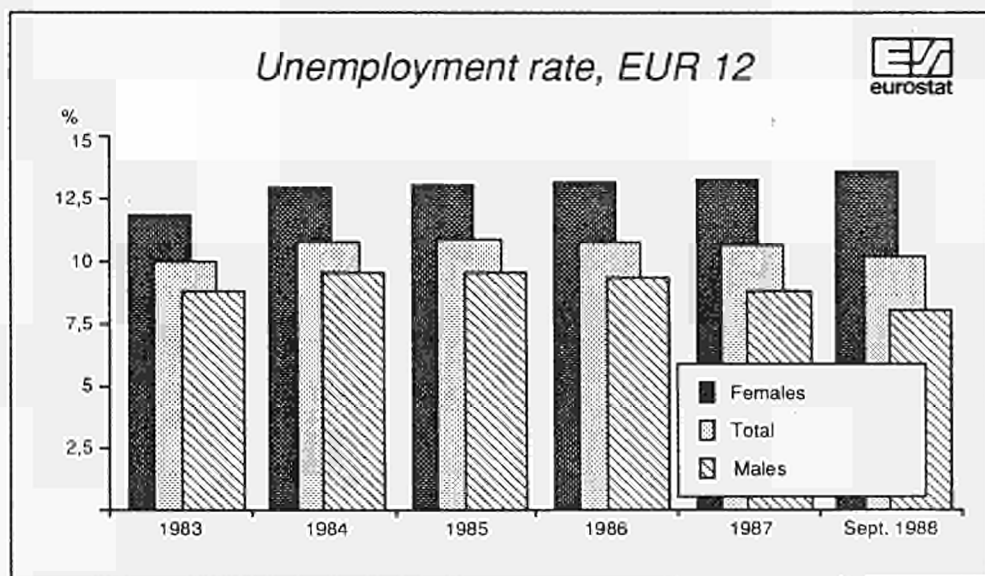
Demography

Population structure, EUR 12

	0-14	15-64	≥ 65
	%	%	%
1970	25,0	63,0	12,0
1985	19,8	66,8	13,4
2000	18,0	66,0	16,0
2025	15,5	66,2	20,3

Is the aging of Europe inevitable ?

Young people between the ages of 0 and 14 years will represent only 15 % of the European population in 2025 as against 20 % today. The 65 and over years old will be about 20 % as against 13 % at the present time.



Unemployment

Unemployment rate, EUR 12

	T	M	F
	%	%	%
1983	10,0	8,8	11,9
1985	10,9	9,5	13,0
Sept 1988	10,2	8,0	13,6

In comparison (1988):
USA 5,4 %; Japan 2,7 %

After having reached nearly 11 % of the active population, the unemployment rate in Europe has fallen slowly since 1986.

Nevertheless, it should not be forgotten that **one European in 10 is without a job** and that any improvement is to the advantage of the males.



Unemployed young people

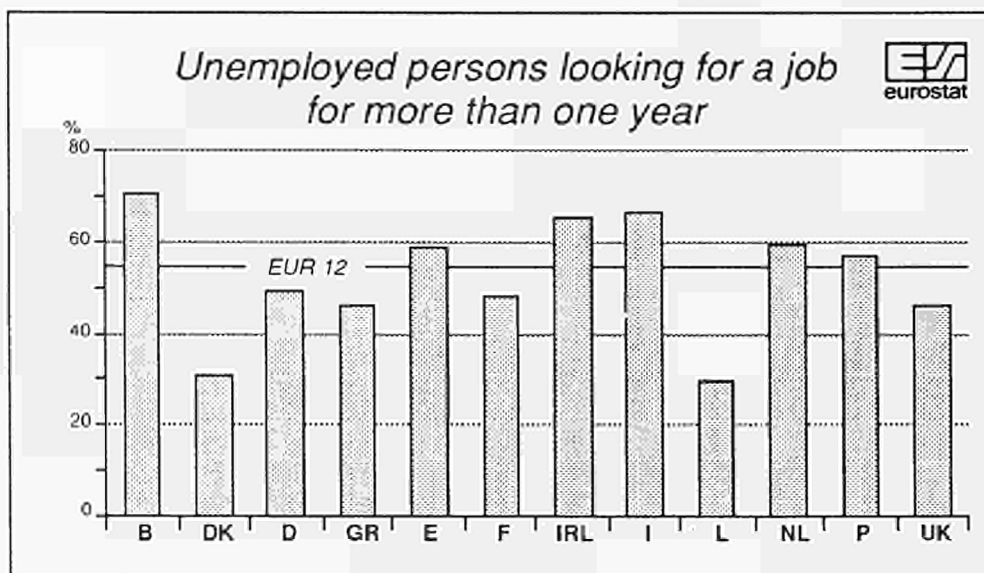
There are big differences within the Community with regard to the situation of young people (< 25 years).

One young European in five is unemployed.

Unemployment rate, <25 years

(September 1988 (GR: April 1987) - in %)

EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
19,6	20,4	9,1	6,1	24,4	39,9	22,0	23,7	35,8	4,5	14,2	12,4	11,0



Length of unemployment

To find a job has become more and more difficult for certain sectors of the population. In Europe, **one unemployed person in two has been without a job for more than a year** and one in three for more than 2 years.

Unemployed persons looking for a job for more than one year

(1986 - % of total unemployment)

EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
54,1	70,3	31,5	48,9	44,5	58,5	48,0	64,9	66,1	28,8	59,5	56,2	45,0

● The Commission reports on frontier controls

To eliminate border controls on people, you need to know them well. This sums up the basic approach of the report which the European Commission sent to the EC Council of Ministers on 7 December. The report (a) looks at the reasons, or pretexts, put forward to justify the need to maintain such controls; and (b) examines the various proposals aimed at removing them.

The Commission has asked the Council to speed up the work in areas within its competence and to see that the Member States cooperate amongst themselves in areas in which the Community as such has no authority — such as extradition and the right of asylum. It takes the view that 'overall political responsibility for the realization of the internal market rests with the Council'.

The Commission believes that the elimination of the frontiers between the Twelve offers national authorities a unique opportunity both to effect savings and to make controls more effective once they are shifted to the Community's external frontiers.

● Improving Erasmus

In its two years of operation — 1987 and 1988 — the European Community's exchange programme for universities, Erasmus, will have given some 16 000 students an opportunity to spend from three months to a year studying in another Community country. It has also enabled nearly 1 100 programmes of inter-university cooperation to be launched and some 2 600 teachers to visit educational establishments in other Community countries.

These results, while impressive, are inadequate. In its report evaluating the programme, published in mid-November, the European Commission has stressed the fact that the funds at its disposal were sufficient to meet only a third of the applications it received. In addition, the Erasmus scholarships, which the national authorities were asked to award, were far from generous. The European Parliament has proposed that the budget which the Council of Ministers has provided for 1989 be increased.

It is clear from the experience of the first two years that participants are ill-prepared in terms of foreign languages. The European Commission is therefore proposing to the Council an action programme for the teaching of foreign languages, to be known as 'Lingua'.

The Commission is recommending that the Erasmus programme be extended, so that education can play 'a key role' in the realization of the single market. Erasmus II could be launched in 1991.

● Statistics: new priorities

In the single market some other means will have to be found to obtain the trade statistics which at present are collected at customs posts. This task, not surprisingly, is one of the priorities of the statistical programme for 1989 to 1992 which the European Commission adopted at the end of November.

The Commission also wants to improve the data on industrial and service companies, so as to be able to follow the development of the single market better. Other tasks include a more uniform approach to the measurement of gross domestic product (GDP) and the evaluation of the effects of Community aid. But as the Commission is

responsible for only 1% of Community expenditure on statistics, it is asking the Twelve to take the necessary measures at the national level, in coordination with it.

● Information counters for Community citizens

As 1992 draws closer, the Community citizen will discover that EC 'laws' offer him or her greater possibilities at the personal level. To help him or her take advantage of them, the European Commission's press and information offices in Brussels, Bonn, Copenhagen and The Hague have opened special 'information counters'. Here people can obtain answers to practical questions regarding importing a car, for example, or moving to another Community country. Similar counters will be opened in other EC capitals in the months to come.

● Management and labour in 1992

The majority of employers, wage-earners, the self-employed and consumers in the 12-nation European Community want the creation of the market in 1992 to be accompanied by social measures. Their representatives on the EC's Economic and Social Committee, a consultative body, adopted 'proposals for an action programme for the years 1989 to 1992' by 120 votes to 23, with 9 abstentions, on 23 November.

Management and labour came out in favour of an adjustment and a reduction in the hours worked, accompanied by a rise in productivity. They asked that the Community undertake to finance public facilities directly. At present it generally helps national bodies with the task.

The Committee also called for (a) the 'Europeanization' of study programmes and diplomas in the EC countries; and (b) a greater role for itself in the preparation of Community legislation.

BRIEFLY

- The Dutch Government has decided to reduce the normal VAT rate from 20% to 18.5% from 1989. The decision, taken on 30 November, will bring the Dutch rate closer to the middle of the upper and lower rates proposed by the European Commission: 14 to 20%.

- Since the beginning of December some 50 000 Danes who own home computers and a modem can keep themselves posted on the single market thanks to On-line 92, a databank set up by the European Commission's press and information office in Copenhagen.

- *Single Market News* is the name of the quarterly magazine published by Britain's Department of Trade and Industry since October. It contains news of the 1992 project and the activities which are being undertaken in the UK to prepare companies for the single market. Up to five copies may be obtained, free of charge, from: Single Market News, DTI 1992, PO Box 1992, Cirencester, Glos. GL7 1RN.

- Portuguese industrialists regard the specific programme for the development of the country's industry, financed by the European Community, as an occasion to be seized on in the light of '1992'. But some fear that the current bout of privatization is profiting foreign investors only. This was clear from a seminar organized in Lisbon on 21 and 22 November by the confederation of Portuguese industries.

● A newsletter providing legal information — *JUSletter* — was launched in November at the initiative of the European Commission. It is published in English and French by the Brussels-based Association for the Spread of Legal Information and will appear twice a week, in both printed and computerized form. There is also a monthly bulletin. Write to *JUSletter*, 26 rue de la Victoire, B-1060 Brussels. Tel.: 539 02 53.

● Television viewers in Ireland were able to watch a 35-minute programme in December on the subject of '1992'. The programme, broadcast by RTE, was made in collaboration with the Irish Government and the European Commission's Dublin office. It is available as a video-cassette to all interested groups.

SMEs

► SMEs to rendezvous in Frankfurt

Small and medium-sized enterprises (SMEs) from both the European Community and the United States will gather in Frankfurt (Federal Republic of Germany) for Export 89, a combined fair and conference to be held from 25 to 28 October 1989. An announcement to this effect was made in Brussels by Abel Matutes, the European Commissioner responsible for SMEs, and Mr von Wartenberg, Secretary of State in the German Economics Ministry.

Organized jointly by business organizations in the EC and the United States, Export 89 will bring together SMEs wanting to build up their trade with each other. It reflects the openness of European business, as both speakers underlined, and is fully in keeping with the Community's policy of promoting international cooperation. 'We are determined', Mr Matutes said, 'to offer Community businesses the same advantages of a large internal market as are enjoyed by their American and Japanese competitors. Our companies are interested, however, in both the European market and the world market, stretching from California to Europe and Japan'.

► A Community regulation for franchise agreements

A regulation exempting distribution and service franchise agreements from certain provisions of the EC's competition rules was adopted by the European Commission at the end of November. It represents yet another move towards ensuring the success of the single market well before the 1992 deadline. The Community regulation, which will come into force on 1 February 1989, stipulates just how far franchise agreements can go in limiting competition between franchisees in the different Member States. In the case of agreements which contain obligations which are not explicitly exempted, without being explicitly banned, however, an appeal procedure is provided. Franchise agreements now account for some 10% of Community retail trade, having spread rapidly in recent years.

► ...and for know-how licences

The European Commission also adopted a regulation on the exemption from the Community's competition rules of agreements for the licensing of know-how. The regulation will come into force on 1 April 1989 and will be directly applicable in the Member States.

► NCI V: new priority objectives

Under the New Community Instrument (NCI), the European Commission can borrow on capital markets, on behalf of the European Economic Community, and lend the proceeds to small and medium-sized enterprises (SMEs) wanting to invest in the Community. In the context of NCI V, as proposed by the Commission, SME investments would continue to receive priority. Two new priority objectives would be (a) to safeguard the countryside and environment; and (b) to promote high technology and innovation.

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

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