



## Yes to the Community's industrial policy

■ by Martin Bangemann, Vice-President of the European Commission

It's clear since 'Maastricht' that industrial policy is a European undertaking. The draft Treaty adopted in that city contains very precise principles of industrial policy, to be implemented on a Community-wide basis. But 'Maastricht' did not mark a turning point in the matter. Nor will action programmes be launched in the future at a cost of billions in order to strengthen weak industrial sectors or help set up 'strategic' industries with money from Brussels. The European Commission sees little hope for its initiatives, aimed at halting structural changes or guiding them in a given direction having much chance of succeeding.

**The ability to compete requires competition** and is acquired only through increased competition. It would be a mistake, therefore, to seek to direct industrial change by means of political goals or subsidies. Of course it is equally necessary to facilitate, through the use of complementary measures, rapid industrial change. Better training — initial and continuous — is essential in this connection. It is no longer enough to reduce the impact of economic and social changes. It is even more important to reduce the threat of unemployment as far as possible through a well-thought-out labour market policy. Where structural shocks leading to higher unemployment cannot be avoided, as in the arms industry, for example, the Community must be able to encourage job creation, even in regions not enjoying regional aid. The time has come to draw up the necessary guidelines in the framework of the Delors II package.

**Encouraging research** is another way, and one that is particularly important, of embarking on an industrial policy. But one must never lose sight of the fact that the ability to compete depends less on a few spectacular inventions and more on the technological skills needed to continuously improve and refine products and manufacturing processes. The traditional distinction between high and low tech lost its validity a long time ago, for no industrial sector is now untouched by technological progress. For this very reason research is moving ever closer to the market, a fact which the Community's research policy must take into account more. Hence the need to master key basic technologies: Europe must not only engage in research; what is more, it must produce.

The role of a European industrial policy is not to select tomorrow's winners. But this does not imply a strictly non-interventionist industrial policy. Creating the conditions for healthy competition is as much the task of industrial policy as presenting ambitious 'ecological' objectives. There is as little contradiction between industrial policy and competition as there is between industrial policy and environmental protection, for example.

**Structural changes to policy.** A modern conception of industrial policy, such as this, has nothing in common with the protectionist initiatives of the past, unless it is the term. One cannot carry out an effective industrial policy today with out-dated protectionist concepts of subsidies and quotas. This was already true before 'Maastricht', and remains just as true after it. A modern industrial policy requires a direct dialogue between the State and its economic operators. There is no reason to fear contacts in this connection. Of course areas of responsibility must not be confused. In the long run a policy based on short-term interests benefits no one — least of all companies which must be competitive on world markets.

It would be a mistake to view industrial policy only from the viewpoint of a classification by nationality. The question of the ownership of an enterprise is losing its importance, given the growing interdependence of the world economy. What matters is not the investor's identity but that the European Community should continue to attract investments, particularly in future key sectors, which in turn should generate employment in Europe. European industrial policy is contributing decisively to this end.

## DECISIONS

### ■ Security of information systems

Computerized information, including confidential information, will move more easily from one European Community country to another after 1 January 1993. But the legislation and systems protecting such information against unscrupulous or fraudulent use remain national. Which is why EC ministers agreed on 25 February to an action plan designed to ensure the security of computerized information systems on a Community-wide basis. The plan seeks to guarantee the security of such information during an initial 24-month period, even while allowing it to circulate freely. The second stage will be used to prepare more long-term measures. The action programme, which now goes to the European Parliament, will identify and meet the security needs of users, information suppliers and service providers.

### ■ A truly open market for public contracts

The throwing open of public procurement contracts to Community-wide competition, set for 1 January 1993, will prove meaningful only if (1) the same rules apply in all EC countries and (2) firms have a recourse when these rules are violated. This is exactly what EC ministers have guaranteed, by adopting, on 25 February, a directive ('European law') covering four sectors subject to special rules: water, energy, transport and telecommunications. For the other economic sectors the necessary measures have already been adopted by the Twelve. The new directive guarantees possibilities of review to undertakings which have incurred damages during the award of public contracts and sets up a mechanism which allows manifest infringements to be quickly corrected. The directive governs the public procurement of supplies and public works. The Twelve must shortly adopt another 'European law' covering purchases of services.

### ■ Redevelopment of coal/steel regions

The redevelopment loans of the European Coal and Steel Community (ECSC) will hereafter be concentrated on the regions facing the greatest difficulties, in order to facilitate the retraining of those laid off in regions which declining coal and steel industries. The European Commission decided on 19 February a package of measures designed to improve the coordination between these loans and the aid given by the Community's regional and social funds. The Commission's decision will benefit in particular regions in Britain, France, Belgium, East Germany, Spain and Italy. In 1990 the ECSC's redevelopment loans amounted to ECU 585.4 million (1 ECU = UK£ 0.71 or IR£ 0.77).

## INITIATIVES

### ● No compromise over borders

1 January 1993 should see the end of systematic checks at the Community's internal borders. Should this not prove to be the case everywhere, the European Commission would not hesitate to hale recalcitrant Member States before the Community's Court of Justice in Luxembourg. This is the substance of the message which Commission Vice-President Martin Bangemann addressed to the Twelve on 25 February, during a meeting of the EC Council of Ministers devoted to the internal market. The Commission wants to make sure that neither administrative delays nor political hesitations endanger the completion of the single market on schedule. The fact is that some 316 measures involving checks at the Community's internal borders are still in force in the 12-nation Community.

They cover a wide range of items — domestic animals as well as homing pigeons, alcoholic beverages and tobacco. In addition, the British and Danish governments maintain that the '1992 programme' does not imply the total elimination of checks at the Community's internal borders. In any case, the Commission is largely satisfied with the situation as regards preparations for the single market, and sees no reason to put off the 1 January 1993 deadline. As of 10 March the EC Council of Ministers had definitively adopted 77 % of the measures needed to complete the single market; there still remain 63 out of 282. As for the work of incorporating these 'European laws' into their national legislation, several Member States have made substantial progress; this is especially true of Italy, Ireland and Greece. As of 10 March the Twelve had transposed on average 72 % of the 159 'laws' whose time had come. Denmark continued to lead the way, with more than 87 % of the measures transposed into Danish law, while Luxembourg was still in last place, with 61 %.

### ● One billion for HDTV programmes?

It will take a great deal of money to launch the first high-definition television programmes, in line with the new European standard, adopted by EC ministers last December (see *Target 92*, 2/92). The European Commissioner with responsibility for the audio-visual industry, Mr Jean Dondelinger, had advanced the figure of ECU 800 million to ECU one billion during a conference in London on 17 February. The European Commission will ask the Twelve to spend this sum over five years in order that a 'Made in Europe' HDTV, rebroadcast by satellite, can make its appearance in 1995. Since last autumn television sets representing the first stage of HDTV — a 16:9 picture format and compact disc — have been quality sound on the market. The final HDTV will have picture quality equal to that of the silver screen. The public was given a preview of it during the winter Olympics at Albertville.

### ● Strategic goods in the line of sight

Dual-use goods and technologies, which can be used for civilian or military purposes, must have freedom of movement within the 1993 single market. However, this must not lead to their export to 'risky' third countries. Hence the European Commission's request to EC ministers of 25 February, calling on them to adopt common lists of both 'strategic' goods and technologies and of safe or restricted destinations for such exports. At present the lists of individual Member States are not identical — when they exist. The conditions under which export licences for these goods and technologies are delivered vary from country to country, as do the penalties imposed in each country. As for cooperation between national administrations, it is to be found only between certain EC countries. The Commission has proposed a Community-wide computerized system.

### ● For a single telephone market

A telephone call between Bonn and Dublin costs three times more when put through from Dublin rather than Bonn. Telephone installation charges are nearly seven times higher in Denmark than in Germany. Telephone subscription charges for a month are four times higher in Ireland than in Greece. These facts, and many others, are to be found in a study published by the Brussels-based European Consumers' Organization (BEUC) on 12 February. BEUC has concluded that the bills paid by consumers do not reflect the actual costs of the telephone system, and it is calling for a Community-wide harmonization of the principles on which charges are based and of the service to customers. The fact is that in addition to differences in the cost to customers, the study has revealed differences in the opportunities subscribers have to check their bills. They can obtain itemized bills free of charge in certain countries, against payment in others and . . . not at all in some. As for disputes between telephone com-

## MORE OF A HEAVYWEIGHT THAN IT LOOKS

The European Parliament's role in setting up the single internal market  
by Klaus Löffler, Bonn

*Let's be off, and leave all doubts and barriers behind!*

*Gianna Nannini*

The idea has ignited, the countdown has started and on 31 December 1992 the time will have come: Europe will launch itself into the single market adventure. The boldest project since the foundation of the European Community is breaking down barriers, breaking with national norms and forming countless new ties between 342 million people from 12 Member States. 'Europe '92' will in essence bring about the completion of four great freedoms: the free and unhindered movement of people, goods, services and capital in an area without borders. The internal market is also the basis for a vast European construction site, with building going on wherever one looks. Particularly since the Community Summit in Maastricht, they have been working busily on building economic union up into monetary union, the architect's plans for political union are firming up and thought must be given to extensions for new Community members. Under these circumstances, it is easy for a task which should continue to be at the centre of European policy and which can by no means yet be ticked off the list to become sidelined: the completion of the single internal market by 31 December 1992. Within the system of Community institutions, Parliament has from the outset played an active role in conceiving, shaping and actually bringing about the internal market.

### The 'Kangaroo Group' and the first manifesto

The pro-European mood of a new generation showed through in the early 1980s. Gianna Nannini sings of the desire for travel and adventure in her song 'Avventuriera' ('Adventuress'): 'We shall set out in the stillness of morning, in your eyes I see the universe moving ever closer, and where every flag takes on the colours of the sea, where the land ends, that is our only border.' The European Community picked up this change in feeling towards Europe via a new piece of receiving equipment: its own Parliament, which was directly elected for the first time in 1979 and quickly developed into a sounding-board for complaints and grievances from many citizens concerning border controls which were being retained. The 'Kangaroo' campaign group was founded in the Strasbourg Parliament in 1982, as a platform, independent of party or country, for the demands for a 'citizens' Europe' with open frontiers. The founding fathers of the group were the UK's Basil de Ferranti ('Boss') and the German MEPs Dieter Rogalla ('Eurogalla') and Karl von Wogau ('Mr Internal Market'). The group led to a great deal of parliamentary activity. Acting as a kind of informal 'grand coalition', it laid the foundations at an early date for Parliament to play the instrumental role it now does in shaping a considerable proportion of internal market legislation. Cooperation between the major parliamentary groups has been necessary since the Single European Act (which came into force in 1987), for only with an absolute majority of 260 votes can Parliament make effective use of its power of co-decision. Contrary to the Commission's version of events, the starting gun for the internal market legislative marathon was not fired with the publication of the Commission's White Paper in June 1985, but

more than a year earlier, in Parliament. On 9 April 1984, Parliament passed its pioneering Resolution on the need to implement the internal European market. On the basis of the report by MEPs Jacques Moreau (Socialist) and Karl von Wogau (Christian Democrat), it thus published the first comprehensive manifesto for a European area without frontiers. The policy outline for bringing about the free movement of persons, goods, services and capital was presented in a 60-point list. At that time Parliament was thus already calling for:

- the abolition of personal checks at internal borders and improved cooperation between the police and security authorities;
- tax harmonization, in particular the approximation of VAT rates as a prerequisite for the final abolition of border controls;
- Europe-wide invitations to tender for public contracts, especially in the field of sophisticated technology;
- the removal of technical and administrative obstacles to trade, in particular enforcement of the principle that a product which has been tested and approved in one Member State is recognized as marketable throughout the Community;
- the elimination of bureaucratic and technical details from Community legislation through the establishment of European standards.

This action by Parliament provided the initial impulse for the Internal Market White Paper, which not only divided up the project into 300 individual legislative proposals but also made the major point of setting a political target date: 31 December 1992. The 1984 Resolution is evidence of Parliament's role in showing the way for future Community legislation, even if to date it regrettably lacks the *de jure* right to initiate legislation. Right from the early stages of the internal market debate in the first half of the 1980s, Parliament — despite being vested with minimal powers — exerted considerable political thrust which extended beyond the field of economic policy and provided a shot in the arm against the Euro-sclerosis which was widespread at that time.

### 'In cooperation with Parliament'

The creation of the internal market is a key European decision of great importance for all the Community's citizens. If the Community is to be a democracy, Parliament cannot be excluded from the process. Whilst the reform of the EEC Treaty (through the Single European Act) did not remedy the Community's 'democratic deficit', it did bring Parliament a considerable step further forward: since then, internal market legislation has been adopted 'in cooperation with the European Parliament', which has been promoted to co-legislator. The crucial provision for this is Article 100a of the EEC Treaty. The core procedural stipulation reads: 'The Council shall, acting by a qualified majority on a proposal from the Commission in cooperation with the European Parliament and after consulting the Economic and Social Committee, adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market'.



As an example of how Parliament is making use of its new powers, let us look at environment policy aspects of the internal market. For MEPs are taking particular care to ensure that the economic advantages from opening the market are not gained through environmental dumping.

## Where internal market and environmental protection meet

The environment-friendly car, which for many years steered in a zigzag course through Europe, is now at last on the right track. Parliament put an end to the tussle in the Council and took over the wheel itself. In April 1989, MEPs forced through tough emission standards — a success both for European environmental protection and for Parliament.

The Commission and the Council had proposed less stringent limits for small-car emissions. Parliament made use of the new powers granted to it under the Single European Act and called by a large majority for tougher emission standards. This call was successful: from 1 January 1993, the only small cars which can be put on the market in the European Community will be those fitted with a catalytic converter or with a technology which achieves the same results. On 8 June 1989, the Community's Environment Ministers also agreed to prescribe the same strict emission standards as apply in the United States for cars with an engine capacity of less than 1.4 l. Similarly strict standards of course also apply to cars with medium-sized and large engines.

In addition to cars, lorries also pose a considerable risk in terms of the feared paralysis of traffic. There are at present approximately 6 million commercial vehicles on the Community's roads, producing a considerable quantity of harmful emissions. The volume of goods traffic on the roads has trebled in the last 20 years and as a result of the internal market boom it will increase by a further 40 % by the year 2000. Lorries are regarded as 'heavy-weight polluters': their exhausts belch out three-quarters of particulate emissions, a third of nitrogen oxides and a quarter of carbon dioxides. On 24 January 1991, Parliament passed a Resolution on 'the measures to be taken against the emission of gaseous pollutants from diesel engines for use in vehicles', to reduce considerably these exhaust gases from lorries. This initiative is a further example of the successful utilization of Parliament's legislative powers at the interface between internal market and environmental protection. The speed with which the Council and the Commission agreed on limiting emissions of gaseous pollutants from diesel engines was encouraging, and many of the amendments proposed by Parliament at its first reading were adopted. The amendments made by Parliament and agreed to by the Council and the Commission cover such important matters as:

- the drafting of a directive containing requirements with regard to fuel quality (including the 0.05 % maximum sulphur content proposed by Parliament);
- the agreement in principle to take measures to limit CO<sub>2</sub> emissions from vehicles;
- the bringing forward by one year of the time limits for entry into force of the second stage;
- the introduction of a uniform particulate limit of 0.15 % for the second stage;
- the possibility for Member States to provide for tax relief for prompt compliance with the limit values;
- the introduction of special mandatory exhaust tests.

In November 1991 the Council took up another proposal by Parliament: from 1 January 1994 onwards, the only new omnibuses and goods vehicles which may be licensed are those fitted with speed governors. An electronic regulating device controls the amount of diesel fuel injected, such that the prescribed 100 km/h (for buses) and 85 km/h (for lorries) cannot be exceeded.

The social dimension is an essential element in the completion of the internal market. The 1989 Social Charter can only be regarded as a first step; fundamental social rights must be laid down in Community law and translated into political action. Now, at the beginning of 1992, all 282 legislative proposals for the completion

of the internal market have been tabled, but 50 of these — among them proposals on important social policy matters — have not yet been adopted by the Council. For example, the planned Statute for a European company remains on ice, even though Parliament has worked out flexible proposals for employees' participation rights. Taken overall, Parliament has played a crucial role in shaping the social dimension of the internal market. This influence is confirmed by the Commission in its sixth report concerning the implementation of the White Paper, of 19 June 1991: 'despite figures showing that the Council has adopted only 32 % of the amendments put forward by Parliament, it is a fact that in many fields, such as public works contracts and public services, machine safety, and insurance, Parliament has directly influenced the content of directives, in particular by taking account of their social dimension'. As an example, in the case of measures to improve the health and safety of employees at the work place, Parliament proposed 100 amendments in the course of the legislative procedure. Of these the Commission adopted 57, i.e. more than 50 %, and the Council likewise took account of the amendments to a large extent in the final text of the directive. It does admittedly make more sense to quote such percentages in the case of rules on gadget-labelling than when assessing Parliament's influence on Community legislation, where what matters is not the quantity but the quality and the political importance of a proposal. However, this much is certain: Parliament's struggle for a stronger social emphasis in the creation of the internal market has not been and is not in vain.

## Protecting the interests of consumers

In the system of division of powers, Parliament provides important democratic checks. Not least among these is the prevention of bureaucratic over-enthusiasm and over-blown regulations. For example, the original draft of the toys directive was a kind of 'Trivial Pursuit' for Eurocrats. The bureaucrats' natural urge to play led them to draw up rules on the flammability of Father Christmas beards, the load-carrying capacity of rocking horses, the labelling of inflatable balls ('only to be used in shallow water') and similar nonsense. Parliament blocked this draft and initiated a sensible solution. Now the toys directive has entered into force and consumers can identify safe toys by the newly-introduced 'CE' symbol. Pads of bureaucratic fat are removed from Community regulations and the political level relieved of technical details through a division of tasks between the legislature (political requirements) and European standards bodies (technical details). The motto is: European standards get the internal market into shape.

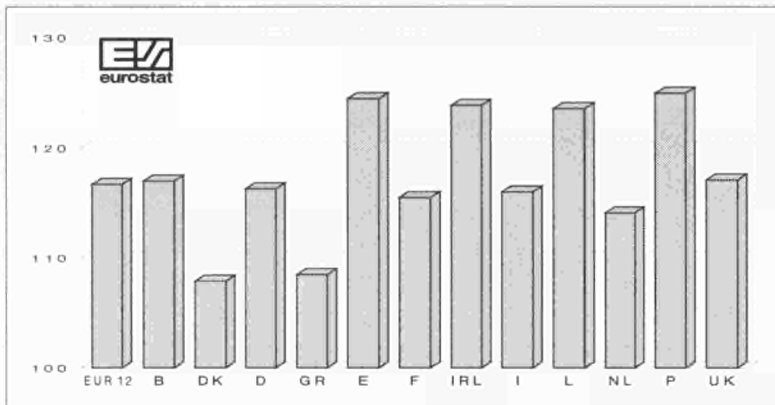
Democratic control occasionally leads to the prevention of a bureaucratically sanctioned dip into consumers' wallets. With regard to the introduction of high-definition television (HDTV) and the new European television standards (MAC-packet family instead of PAL and Secam), the European institutions are basically pulling in the same direction. However, the Commission included a bureaucratic bloomer of the first order in its proposal for a directive: its proposal was for all new television sets with a screen size greater than 52 cm offered for sale in the Community from 1993 to have to be fitted with a D2-MAC decoder as standard. For this, consumers would have to reckon with an additional ECU 100-150 on the price of a set — whether or not they wanted the ancillary equipment. Parliament spotted this at its plenary session in Strasbourg in November 1991 and has helped consumers to save money when purchasing a new television: they can now choose for themselves whether they wish to buy the decoder or, for the time being, just the considerably cheaper standardized socket. The Council cannot but agree with this consumer-friendly stance.

Parliament's active and constructive role in shaping the internal market is a powerful argument for overcoming the aversion to remedying the lack of democracy in the Community and for vesting Parliament with full powers to stand alongside the Council as a legislative chamber of equal status. This objective is also being pursued by Parliament's newly-elected President Egon Klepsch, 'in order to plug the gap in the democracy of the Community'.

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## Growth and living standards in the Community

Volume indices, total gross domestic product (GDP) at market prices, 1990 (1985 = 100)



## Gross domestic product in 1990

Between 1985 and 1990, Community GDP increased in volume terms by some 16.7%.

Total GDP growth rates varied considerably, from 7.9% for Denmark to 23.9% for Ireland.

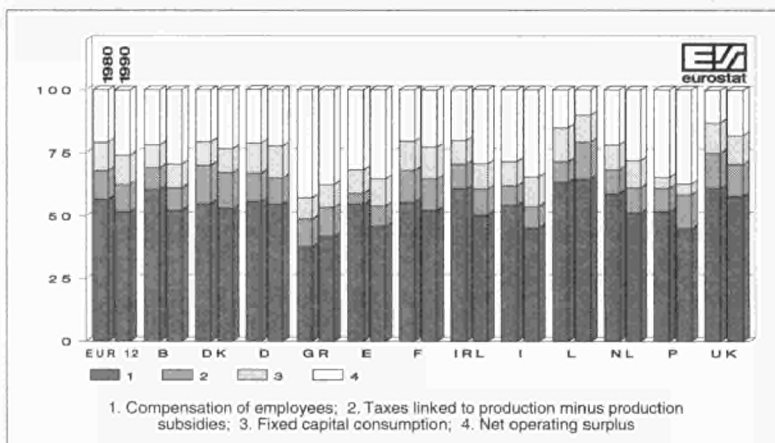
At the same time, the gap between the poorest and the richest countries widened, from 2.3 to 2.6%.

The lowest annual growth in per capita GDP was in Greece: 1% as against a Community average of 1.97%.

Per capita GDP at market prices (1985 constant prices and purchasing power parities)

	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
1980	9 383	9 973	9 986	11 175	4 863	6 723	10 703	5 701	9 605	10 619	10 146	4 959	9 071
1990	11 406	11 975	12 236	13 350	5 373	8 603	12 724	7 778	11 692	14 197	11 507	6 407	11 469
Annual growth rate (%)	1.97	1.85	2.05	1.79	1.00	2.50	1.75	3.16	1.99	2.95	1.27	2.60	2.37

Structure of incomes derived from GDP at market prices (%), 1980 and 1990 (1980: EUR 10)



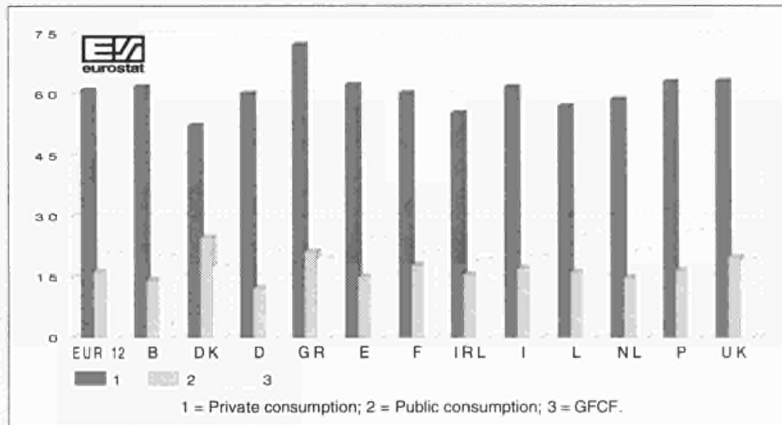
## Incomes derived from GDP

The structure of incomes derived from GDP is by no means uniform throughout the Community.

In 1990, 41% of Greece's GDP was taken up by the compensation of employees, as against 65% in Luxembourg. These differences arise mainly because the proportion of wage- and salary-earners in the working population varies (there is a large proportion of farmers in Greece).

Between 1980 and 1990, this indicator did not move in the same direction in all Member States: the share allocated to wages and salaries rose in Greece and Luxembourg and fell in all the other countries.

### Use of GDP at market prices (%), 1990



### What is GDP used for?

The bulk of the Member States' GDP is used to meet private consumption requirements, which, at Community level, constitute 61% of GDP, with investment accounting for 21% and public consumption 16%.

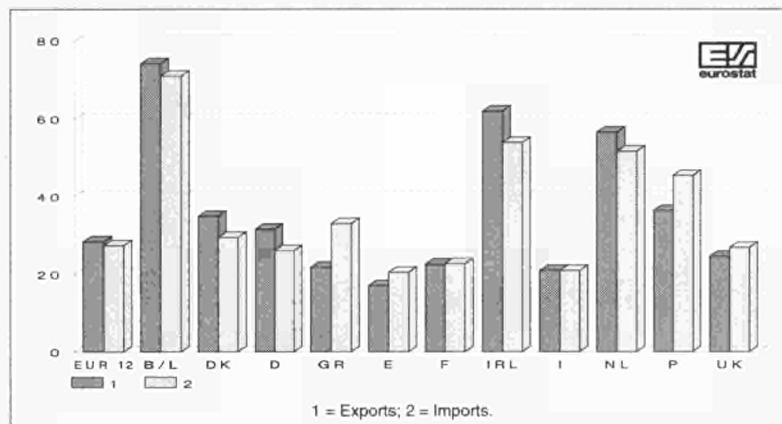
Government expenditure is high in Denmark and the United Kingdom, mainly as a result of government funding for social protection.

Portugal spends 26% of its GDP on investment as against Denmark's 18%.

#### Use of GDP at market prices (%), 1980 and 1990

1980	EUR 10	B	DK	D	GR	F	IRL	I	L	NL	UK		
Private consumption	61.5	62.8	56.2	60.2	68.9	63.7	63.5	63.2	59.1	59.4	60.2		
Public consumption	16.9	18.1	26.8	14.1	16.0	15.3	21.3	16.4	16.6	18.1	21.5		
GFCF	21.2	21.4	18.3	23.6	23.5	21.6	28.9	19.8	25.3	21.0	17.8		
1990	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Private consumption	61.1	61.9	52.3	60.2	72.3	62.4	60.3	55.4	61.8	57.1	58.8	63.1	63.3
Public consumption	16.4	14.3	24.8	12.3	21.2	15.2	18.0	15.7	17.3	16.3	14.8	16.7	19.9
GFCF	20.9	20.3	17.7	21.2	19.7	24.6	21.2	19.1	20.2	25.3	21.5	26.4	19.2

### Trade in goods and services as % of GDP, 1990 (including intra-Community trade)



### How open are the national economies?

Trade with non-Community countries accounts for almost 28% of the Community's GDP – a figure which changed very little overall between 1980 and 1990.

The percentage does vary from one country to another, however: the BLEU (Belgo-Luxembourg Economic Union) is very dependent on external trade, with exports accounting for 74% of GDP and imports 71%, whereas for Spain these indicators are only 17% and 20% respectively.

Greece exports the least, with only ECU 1 114 per capita as opposed to ECU 4 114 at Community level; the inhabitants of the BLEU are at the top of this table, with ECU 11 297.

#### Exports per capita

1990	EUR 12	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK
ECU	4 114	11 297	7 003	5 862	1 114	1 694	3 757	5 809	3 127	8 329	1 733	3 292

**PPS (purchasing power standard):** since exchange rates are not necessarily a true reflection of the purchasing power of any given currency on its national territory, Eurostat uses the 'PPS' to eliminate differences in general price levels from one country to another and to make the figures more readily comparable.

panies and their customers, the latter can call on an independent arbitrator only in Britain and the Netherlands. Finally, BEUC is calling for the creation of a single European telephone card for telephone booths, instead of the present system of national cards, which are incompatible with each other.

### ● A more 'European' VAT in Belgium

Since 1 April there have been only three VAT rates in Belgium instead of five: a standard rate of 19.5 %, a reduced rate of 6 % for basic goods and services — food and public transport in particular — and a rate of 12 %, which must disappear on 1 January 1993, for cigarettes. The Belgian government decided on 16 March to end the higher rates of 25 %, levied on cars, electrical household appliances and records, among other items, and of 33 % levied on television sets, perfumes and large cars in particular. The two former 'standard' rates of 17 and 19 % have been combined into one rate — 19.5 %. These measures bring Belgium into line with the VAT system adopted by the Twelve for the 1993 single market.

### ● No 'synthetic cheeses' in 1993

The hygiene standards for cheeses proposed by the European Commission, in the run-up to the single market, will not mean an end to the Brie de Meaux and the Crottin de Chavignol. Responding to the fears expressed by Prince Charles on 2 March in Paris of 'a bacteriologically sound society', the European internal market commissioner, Martin Bangemann, stated in Brussels the next day: 'We do not want synthetic cheese ... we must keep the good bacteria'. He explained that it was necessary to apply certain minimum standards of hygiene in order to monitor the level of bacteria in cheese made from raw milk. But 'hygienic certainly did not mean sterile' the Commissioner added, thanking the Prince for his efforts in favour of traditional cheeses. The standards now proposed aim only at preventing fresh accidents brought about by the contamination of cheeses made from raw milk, the Commission's spokesman made clear on 3 March. Two weeks later the master cooks of the association called Euro-Toques widened the debate by demanding that no European directive 'call into question the *savoir-faire* of chefs'. They wanted the single market to bring about 'a genuine protection and standardization of good products'.

### ● Harmonization of company taxation?

As from 1993 — and in 1994 at the latest — it would be necessary to eliminate all cases of double taxation on corporate incomes and to set a minimum corporate tax rate of 30 % throughout the European Community. These are two of the recommendations presented on 18 March to the European Commission by a group of independent experts, headed by the former Dutch finance minister, Onno Ruding. These recommendations are part of a report which the European Commission requested in 1990, in order to decide just how far the Community should go in harmonizing corporate taxation in order to achieve the '1992 target'. The experts do not see the need for complete harmonization, but think the Twelve should gradually embark on the path to a Community system of corporate taxation, in parallel with the moves towards monetary union. The experts are of the view that the present differences between the tax systems of the Member States provoke distortions harmful to the effective operation of the European economy: some companies choose the location of their head office on fiscal grounds. The European Commission must now draw its own conclusions from the report and eventually propose measures.

### ○ BRIEFLY

The European Parliament adopted on 12 March a report entitled '**Standards of consumer protection** and public health in the perspective of

the completion of the internal market'. Euro-MPs take the view that in the single market consumers must be able to count on accurate information, compliance with standards of hygiene and quality and ready access to the courts. At the same time the EC's economic and social committee called, in a study on the same subject, for an increase in the means devoted to consumer protection.

The European Commissioner for regional policies, Bruce Millan, **inaugurated the Brussels office of Eurocities** on 5 March. Eurocities, created in 1986, brings together the municipal authorities of 36 cities in nine European Community countries and five associated cities in third countries. Areas of cooperation include the environment, transport and social action. Eurocities clearly plans to make its voice heard in the new border-free Europe.

The European Commission asked the Twelve on 19 February to **tax fuels from agricultural products — 'biofuels' — at one-tenth the rate** at which they tax petroleum-based fuels. The Commission wants to encourage the use of biofuels in order to protect the environment, use up agricultural surpluses and ensure security of energy supplies more effectively. The Twelve must set excise duties on fuels in the run-up to '1993'. The Commission's proposal has the backing of European farm organizations.

On 21 May some **900 000 10-year old children will celebrate Europe** in 48 000 French schools, thanks to the operation 'A nous l'Europe!' organized by the French ministries of European affairs and national education. Teachers will receive an information brochure on the EC and the children a book of 'European' games.

Edinburgh joined Barcelona and Bilbao (Spain), Lyon (France), Stuttgart (Germany) and Turin (Italy) to set up in Barcelona on 12 February an **association of European regional financial centres**. The aim is to encourage the harmonious development of the single market from the standpoint of a 'Europe of regions'. The association hopes to bring together some 20 to 30 cities within a year or two.

Senior executives from leading European chemical companies and the **European Council of Chemical Manufacturers' Federations (CEFC)** called on the European Commission in Brussels on 6 March to give their backing to the proposals for a single energy market. The delegation, which included representatives from ICI (Britain), AKZO (the Netherlands) and BASF (Germany) stressed the need to liberalize the energy sector. The Commission's proposals to this end are meeting with strong opposition from national monopolies.

The **association of German building societies** opened an office in Brussels on 19 February, in order to facilitate contacts with the European Commission and Parliament in the light of '1993'.

## SEEN FROM ABROAD

### ▶ Finland seeks EC membership

On 18 March Finland's Parliament adopted by 108 votes to 55, with 32 abstentions, a Government proposal to seek membership of the European Community. The same day Finland's ambassador to the European Communities officially presented his country's application to the EC Council of Ministers. Like the other members of the European Free Trade Association (EFTA), Finland is already linked to the Community through a free-trade agreement covering industrial products. Like them it is part of the European Economic Area, of which both the EC and EFTA are members, which should come into existence on 1 January 1993 in principle.

### ▷ BRIEFLY

**The Swedish State stands to lose between 30 and 35 billion krona** (more than ECU 5 billion) in tax receipts in the event of the country's entry into the European Community, according to a report of the Swedish Finance Ministry, published on 16 March. Sweden has already applied for membership. If its application succeeds, it would have to reduce VAT from its present rate of 25 %.

In a report entitled '**The Europe of 1992: Is Canada Ready?**' published on 18 February, the Royal Bank of Canada writes that Canadian businesses must become more competitive in order to meet the increased competition resulting from the single market. The Bank advises them to team up with European companies in order to gain better access to the Community market.



## ◆ A European market in subcontracting

Subcontracting is a key element in the competitiveness of the European economy, affecting as it does such key sectors as electronics, motor vehicles, aircraft, the building industry and textiles. More than ever before, competitiveness requires the development of harmonious and balanced relationships in the field of subcontracting. In order to provide companies the advantages needed for such development, the European Community's authorities can act as a stimulant and coordinate and inform, so as to create the conditions for a genuine European market in subcontracting.

The European Commission has set out its policy in a memorandum to the Council of Ministers, which it adopted at the end of January. The first step is to create a European environment which favours subcontracting and to undertake activities aimed at promoting European subcontracting among third country investors. In order to prepare subcontractors better for the 'post-1992' environment, the Commission has begun a detailed analysis of markets by Member State and sector, in order to be able to draw up a 'European subcontracting map'. In addition, the task of adapting the legal framework will be continued and the cost of the multiplicity of certification procedures examined. Information quality will be improved, thanks to the support of existing European networks, in particular the Euro-Info-Centres and BC-Net. Finally, the networking of European subcontracting databanks and exchanges will be the subject of a specific study, in order to develop cooperation between subcontractors and to facilitate contacts between prime contractors and subcontractors. To this will be added the study of new management techniques (Japanese, for example) as well as sectoral actions, in electronics in particular. The totality of these actions, and their results, will be presented at a pan-European forum, which will bring together the main actors in this field. It will be held in Madrid this year on 2 and 3 October.

## ◆ Europartenariat — Greece: The catalogue is now available

The sixth edition of Europartenariat will be held in Greece this year — in Salonika, on 22 and 23 June, to be exact. An initiative of the European Commission, Europartenariat seeks to promote the development of an economically disadvantaged region by encouraging cooperation between local SMEs and companies based in other EC countries and elsewhere (in the EFTA countries and the countries of Central and Eastern Europe, for example). Cooperation can be commercial, financial or technological. It can take the form of a transfer of know-how, a production agreement, technical assistance or a joint venture, for example.

A catalogue lists the 303 Greek enterprises which have been selected and describes each one briefly. It is available from the Euro-Info-Centres, the consultants of the Business Cooperation Bureau (BRE) and the BC-Net advisors, in the following languages: Greek, French, English, German, Spanish and Italian. A network of Europartenariat consultants has been set up, in order to distribute the catalogue, look for partners and coordinate their participation in Europartenariat-Greece.

### For the United Kingdom

England: Business Briefings — Mr Howard Evans — 565 Fulham Road, London SW6 1ES — Tel.: 071-381 12 84 — Fax: 071-385 09 74.

Scotland: Strathclyde Innovation Centre — Mrs Agnes Barclay — 62 Templeton Street, Glasgow G40 1DA — Tel.: 041-554 59 95 — 041-556 63 20.

Northern Ireland: Industrial Development Board for Northern Ireland — Mr Gerry McConnell — IDB House, 64 Chichester Street — Belfast BT1 4JX — Tel.: 0232-23 32 33 — Fax: 0232-23 13 28 — Telex: 747025.

Wales: Welsh Development Agency — Mrs Elisabeth Haywood — Pearl House, Greyfriars Road — Cardiff CF1 3XX — Tel.: 0222-22 26 66 — Fax: 0222-34 56 15.

### For Ireland

An Bord Tráchtála — Mr Liam Kelleher — Merrion Hall, Strand Road Sandymount — Dublin 4 — Tel.: 01-269 50 11 — Fax: 01-269 58 20 — Telex: 93678 CTT EI.

## ◆ Craft industries and small businesses

The European Commission organized a European conference on craft industries in Avignon (France) in October 1990, in order to identify the actions it could undertake in favour of craft industries and small businesses. The conclusions of this conference form the framework of the 'first action programme aimed specifically at small businesses and craft industries'. Based on proposals from representative national organizations, the programme includes the following actions:

- publication of a *Practical Guide — Who's Who*, aimed at small businesses and craft industries;
- publication of a *Guide to centres entrusted with the transfer of know-how and technology*, as well as an analysis of the needs of small businesses in information technology;
- analysis of existing national programmes designed to support national and/or transnational cooperation between small businesses and craft industries;
- analysis of the situation of small businesses and craft industries in transborder regions;
- support for transborder pilot operations for the training of company managers, and
- analysis of the various training, advisory and promotional actions undertaken by the Member States in favour of spouses who help out.

## ◆ EC-Tunisia: an action in partnership

With the support of the European Commission, Tunisian companies will be welcoming their European partners to the 'Carrefour des affaires et de la technologie Tunisie/CE', which is taking place in Tunis from 22 to 24 April 1992. This event, organized by the Agence tunisienne de promotion de l'industrie, will take place simultaneously with the 'Salon méditerranéen de la sous-traitance et de l'approvisionnement'. (Mediterranean subcontracting and supplies fair.) A 'Centre des innovations et de la technologie' will also be present at Tunis. A catalogue is available, listing the offers and requests from some 600 Tunisian enterprises which are looking for partners in the European Community.

The event has the backing of Community bodies, including the Business Cooperation Bureau, the Euro-Info-Centres and the Business Cooperation Network (BC-Net). BC-Net was recently extended to include Tunisia.

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

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