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High-definition television
A technological and cultural challenge for Europe

■ by Jean Dondelinger, Member of the European Commission

At a time when the entry into force of the Directive on 'television without frontiers' (3 October 1991) is laying the foundations for a European audiovisual area, the technological revolution represented by high-definition television (HDTV) is asserting itself as a major challenge for the audiovisual industry. It poses a major challenge for not only our consumer electronics industry but also the preservation and development of a key element of audiovisual creativity in Europe.

Since 1989 the Community has developed a coherent audiovisual policy, based on three complementary elements: a Directive which provides for the free movement of programmes ('television without frontiers', harmonization in matters of copyright, etc.); a programme industry which provides support for European creations (through the 1991-95 Media programme) and the technology needed for tomorrow's television (HDTV). The interdependence of these three elements is strikingly illustrated in the European Community's strategy for the introduction of high-definition television: the development and introduction of a new technology can only be based on an adequate statutory framework and, in particular, on the programme industry's capacity to adapt.

What is the use of turning out new, large-screen television sets (with the new 16:9 rather than the current 4:3 format), improved picture quality and digital sound, if the programmes which are broadcast fail to take advantage of these possibilities? Viewers watch programmes — not the picture tube. If the introduction of HDTV is to be a success in Europe, a threefold challenge must be met: (1) production, broadcasting and receiving equipment based on the new standards must be developed and manufactured at competitive prices; (2) an adequate statutory framework for broadcasting standards must be provided, and (3) the entire European programme output must be adapted to the requirements of HDTV.

What is the current situation? The industry has developed the necessary equipment, both for the intermediate phase (improved television) and for HDTV itself. Television sets with a 16:9 format are already on the market and producers have at their disposal the HDTV equipment needed to make their programmes. The Commission sent a draft Directive on 26 June 1991 to the Council and European Parliament on the standards for television broadcasting by satellite. This statutory framework must be completed by a Memorandum of Understanding, through which all those concerned will give reciprocal undertakings to develop and promote, with the Community's financial backing, services and equipment which conform to the new standards currently being adopted.

What remains to be done is to take the steps needed to adapt the programme industry. Aware of the need for urgency, the Commission sent both the Council and the European Parliament a memorandum on 24 July 1991 setting out its initial analyses in the matter. Initial contacts with the professionals of the audiovisual sector, on the basis of this document, have revealed the scale of the task:

- all programmes which can be shown repeatedly (i.e. programmes held in stock) must be adapted to a quality compatible with HDTV broadcasting;
- programmes which can be broadcast only once, such as variety shows, reporting or soap operas must be gradually adapted to the intermediate phase of improved television with a 16:9 format;
- at the same time, it will be necessary to continue an experimental move to explore together the technical and economic possibilities of HDTV, particularly in the light of the so-called multimedia (all possible combinations of television and computers).

Europe is not alone in this battle to introduce tomorrow's television. Japanese industry must be taken into account; it has developed its own system of HDTV and controls two of the most important companies producing American programmes. It is also necessary to leave the door open to the new digital broadcasting technologies, developed in the USA, with the help of subsidiaries of European electronics companies.

At stake, beyond this 'standards war', is the very future of the European programme industry. Overtaken by ineluctable technological changes, the production of European programmes runs the risk of being wiped out in the coming decades. The industry must therefore adapt as a matter of priority, if one of the privileged modes of expression of European culture is to survive.

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JANUARY 1992
The text of this issue was completed on 11 December 1991.

DECISIONS

■ No more borders because of VAT

Border checks, which are carried out at present because EC countries apply VAT at different rates, will come to an end on 1 January 1993, thanks to two 'European laws' agreed to by the EC Council of Ministers on 12 November. The first lays down the basic rules for the operation of the new VAT system, which allow private individuals to cross the Community's internal borders freely with goods purchased anywhere within the EC. The second law introduces cooperation between the Twelve to ensure payment of VAT and to prevent fraud. The new system is based on the principle that VAT will be paid in the country of origin, in any case until 31 December 1996 — only in the case of motor vehicles and new boats will it be paid in the country of destination. After this date VAT will be levied in the country of origin, under a system to be agreed on by the Twelve before 31 December 1995. In the case of private individuals, the post-1993 system means an end to restrictions on goods purchased without administrative formalities in another EC country for use at home. It also implies the freedom to transfer from one EC country to another, and without restrictions, items such as used cars, wedding presents, and goods which form part of an inheritance. The new law also puts an end to all customs formalities when moving house or sending goods by mail from one EC country to another. Those travelling between EC countries, whether by air or sea, will be able to enjoy duty-free shopping until 1 January 1999. After that date, duty-free shops will be accessible only to people entering the Community or leaving it. However, in order that the individual's freedom to shop be as complete as possible, the Twelve must draw up a European regulation on excise duties — the special taxes on alcoholic beverages, tobacco and petrol. In the case of firms, VAT will be levied in the country of destination from 1993. All customs documents — some 50 million are produced annually — will disappear. The paperwork involved in making VAT notifications for cross-border transactions will be reduced for numerous private businesses — with an annual turnover of up to ECU 70 000 (ECU 1 = UK£ 0.71 or IR£ 0.76). Some 80% of firms will be spared the formalities needed for statistical purposes. As for cooperation between Member States to check fraud, the arrangements to be introduced for this purpose guarantee confidentiality as regards exchanges of information and the notification to firms of information which concerns them.

■ Better protection for pregnant women

As from 1994 women workers will enjoy a minimum degree of European social protection before, during and after pregnancy. The EC Council of Ministers reached agreement on 6 November on a European law which makes it obligatory to grant uninterrupted maternity leave of at least 14 weeks. All EC countries, with the exception of the Netherlands and Portugal, have already reached this minimum period — or exceed it. The Council did not want, however, to guarantee the payment of a fixed percentage of the salary during this period, as requested by the European Commission. Under this law a firm cannot lay off a worker while she is on maternity leave but must ensure that she continues to enjoy all the rights linked to a work contract — for example, social security. The proposed law also stipulates that pregnant workers must not be exposed to hazardous substances and to working conditions liable to prove harmful to their health or safety, particularly work on night-shifts. This law has yet to be examined by the European Parliament.

■ Tobacco: warnings and a ban

There will be a ban on the marketing of tobacco products in the form of powder or fine particles which are available in sachets which can be sucked. These new products for oral use have taken American and Swedish youth by storm. They have already been banned in Belgium and Ireland, and this will be applied throughout the European Community from 1 July 1992. This was decided by the EC Council of Ministers on 11 November, given the threat of mouth cancer presented by these products. At the same time, the Ministers extended to other tobacco products the obligation, in force since 1 January 1992 in the case of cigarettes, to print specific health warnings on the packaging, covering at least 1 % of the total surface area. Thus by 31 December 1993 at the latest, boxes of cigars, cigarillos and pipe tobacco will have to carry one of four warnings: 'Smoking causes cancer', 'Smoking causes fatal disease', 'Smoking damages the health of those around you' and 'Smoking causes heart disease'. Packets of rolling tobacco will have to carry one of 14 warnings; they are the same as those carried on cigarette packages and include 'Smoking can kill' and 'Smokers die younger'. As for snuff and chewing tobacco, they must carry the single warning 'Causes cancer'. The sale of packages which do not meet these requirements and which were manufactured before 31 December 1993, will be authorized until 31 December 1994. The European Parliament must give its opinion on these measures before the Council decision becomes definitive.

■ Maastricht sees launch of European Union

The decision to establish a European Union was taken by the Heads of State or Government of the Twelve during the night of 10 to 11 December at Maastricht (the Netherlands), following difficult negotiations. The Union will include an economic and monetary element as well as a political union and a social policy. The Twelve reached agreement on the contents of a Union Treaty, running to more than 200 pages, which both amends and completes the European Treaties of Paris and Rome, the present 'European Constitution'. The Twelve intend signing the Treaty on European Union in February 1992, in order that their national parliaments can ratify it before 1 January 1993, so that it can come into force on that date, which is also the date for the completion of the single market. **Economic and monetary union** implies that as from 1 January 1999 at the latest the ecu will become the single currency for all European Community countries which are ready. The Twelve will decide by 1 July 1998 at the latest which of them will miss out; the United Kingdom will be able to choose whether or not to adopt the single currency. **Political union** will add to the Community's existing policies a common foreign policy and security policy, leading eventually to the framing of a common defence policy. Political union will also extend the Community's competence in several areas, particularly consumer and environmental protection and energy. The Twelve also decided to reinforce the fight against regional disparities: by 31 December 1993 a cohesion fund will be introduced, joining existing Community funds; it will subsidize environmental protection and the development of transport infrastructure in the Community's less well-off Member States. Finally, under political union the European Parliament is to enjoy greater powers. As for **social policy**, it is the object of an agreement among 11 EC countries, the UK having refused to join them. The Eleven have envisaged special decision-making procedures in order to draw up, within the Community framework, European laws which provide minimum rights for workers. In addition, and outside the Union Treaty framework, the Twelve have decided to take the first steps towards creating a European police force: Europol, which will confine itself initially to exchanging information on drugs.

■ EC cash for better transport

Twenty-three projects, aimed at improving the transport of goods and people in the single market, will receive funds from the EC budget amounting to ECU 128 million. A decision to release these funds was taken by the European Commission on 8 November, as its contribution for 1991 to a three-year programme (1990-92) for financing Community transport infrastructure. The lion's share — ECU 70 million — will go to the TGV, mainly to allow the high-speed train to link Paris to Brussels, Amsterdam and Cologne. The money will also finance studies for the Hanover – Berlin and Hamburg – Copenhagen routes, for the TGV South, linking Lyons, Turin and Venice, as well as for improvements to the stations and tracks at Berlin and Madrid. Other projects receiving EC money include the Somport tunnel under the Pyrenees; the modernization of the combined road-rail link between the north of France and Italy and between Germany and Spain and Portugal as well as improvements to the Dublin – Belfast

EC REGIONAL POLICY AND THE OUTLOOK FOR 1992

by Egon Schoneweg, Brussels

Completion of the internal market and the problem of the economic and social cohesion of the Member States are intimately connected. The dynamic effects of the internal market programme on the economy as a whole may be quantified with a fair degree of accuracy, but the consequences for the regions are not so clear. While regional convergence is encouraged by positive economic development, it is, however, obvious that additional growth will not be distributed equally over all Community regions and there are bound to be both winners and losers. The latter are to be found in particular on the periphery of the Community and in the 'old industrial' conversion areas. The dynamics of the internal market could therefore intensify existing regional differences in the Community.

Regional disparities

The European Community is marked by significant regional disparities as regards national income, employment, productivity, infrastructure, etc. When it comes to income, the fourth periodic report on the situation in the regions showed that, for 1990, a Community average gross domestic product (GDP) of 100 per Community inhabitant includes extreme values ranging from 53 for Greece to 129 for Luxembourg and regional values from 40 (Vorio Egeo, Greece) to 183 (Groningen, the Netherlands). The income in the 10 regions at the top of the income scale was more than three times as high as that in the 10 regions at the lower end. The difference in the Community is thus at least twice as great as in the USA.

Differences in employment levels have decreased somewhat in recent years at national level but have increased at regional level. For the Member States the spread is from 197 (Spain) to 19 (Luxembourg) and for the regions from 352 (Ceuta and Melilla, Spain) to 19 (Luxembourg). This means unemployment rates of between 29 and 1.5 %.

In the Community of Twelve about 20 % of the population live in the least favoured areas, i.e. in regions where the per capita GDP is less than 75 % of the Community average.

The reform of the structural Funds

Because of these differences it was necessary to redefine the principles of structural policy in order to improve economic and social conditions in the weaker regions. The legal basis for this new approach was the Single European Act and in particular the section on economic and social cohesion. It specifically calls for a reduction in 'the disparities between the various regions and the backwardness of the least favoured regions'.

Functional and geographical concentration of the uses of the structural Funds now restricts their assistance to five priority objectives.

Objective 1: Areas whose development is lagging behind. These are regions with a GDP per inhabitant of less than 75 % of the Community average. In these areas structural adjustment in particular must be promoted. The regions involved, which contain about 20 % of the Community's population, comprise the whole of the national territory of Greece, Ireland and Portugal, large parts of Spain, southern Italy, Corsica, the French overseas departments and Northern Ireland (UK): Assistance comes from the ERDF, the ESF, the EAGGF, the EIB and the ECSC.[1]

Objective 2: Industrial areas with conversion problems. This group consists of regions (including employment areas and urban communities) seriously affected by industrial decline. Structural policy aims to bring about economic conversion and modernization in these areas, with the emphasis on productive investment to create alternative employment opportunities. Small and medium-sized enterprises in new economic sectors, together with vocational training, receive support.

The Objective 2 areas comprise — in full or in part — 60 regions in nine Community Member States accounting for 16 % of the population. These regions are situated mainly in the United Kingdom, Spain, France and Germany. The assistance comes for the most part from the ERDF, the ESF, the EIB and the ECSC, but not from the EAGGF.

Objective 3: Combating long-term unemployment. Support is given in all areas of the Community to workers who are over the age of 25 and have been unemployed for more than 12 months.

Objective 4: The occupational integration of young people. The target group is young people under 25 years of age throughout the Community. Aid for Objectives 3 and 4 comes mainly from the ESF, the EIB and the ECSC.

Objective 5: Agriculture and rural areas. With a view to reform of Community agricultural policy this measure aims to adjust the production, processing and marketing structures in agriculture and forestry (this Objective, 5a, is served only by the EAGGF Guidance Section) and to develop rural areas (Objective 5b). Assistance comes from the ERDF, the EAGGF, the ESF and the EIB.

1 ERDF = European Regional Development Fund
ESF = European Social Fund
EAGGF = European Agricultural Guidance and Guarantee Fund — Guidance Section
EIB = European Investment Bank
ECSC = European Coal and Steel Community

Objective 5 measures concern — in full or in part — 56 Community regions with 17 % of the Community land area, containing, however, only about 5 % of the Community population.
The principal aim is to develop non-agricultural industries, in particular crafts and services. The creation of small and medium-sized enterprises and training measures for the workforce receive support.
Objectives 1, 2 and 5b thus have a specific regional dimension, while the others (3, 4 and 5a) are mainly horizontal in nature.

Financial aspects

Another important part of the reform of the structural Funds was to increase resources substantially. For 1989-93 the annual commitment appropriations are being doubled for all three structural Funds in comparison with 1987. This means that budget appropriations will rise from ECU 7.2 billion in 1987 to almost ECU 14.5 billion in 1993. The total amount available to the structural Funds amounts to approximately ECU 60.3 billion for the five-year period 1989-93. The allocation of these resources roughly corresponds to the priorities set by the reform.

Objective 1 areas:
ECU 38.300 billion (63.5 %)
Objective 2 areas:
ECU 7.205 billion (12.0 %)
Objective 3 and 4 areas:
ECU 7.450 billion (12.4 %)
Objective 5a areas:
ECU 3.415 billion (5.7 %)
Objective 5b areas:
ECU 2.795 billion (4.6 %)
Transitional measures:
ECU 1.150 billion (1.9 %)

The partnership principle

It was a declared aim of the reform to involve the regions themselves in the implementation of the programme. The principle of partnership plays a key role in this process. Since Community operations are to be regarded as complementing corresponding national measures, close consultations between the Commission and the Member States or the competent authorities at national, regional or local level is absolutely essential.
This dialogue between partners extends not only to the preparation of the joint measures but also to the accompanying measures during implementation and subsequent assessment and monitoring. With the changeover from project-related assistance to measures in the form of programmes under the reform of the structural Funds, partnership has become a central component of the Community's structural policy.
Practical implementation of the reform has been taking place since 1989. The first main task was to draw up the Community support frameworks (CSFs). These are contractual agreements with the Member States, which set out the main priorities for development, the types of aid and the methods of financing for the areas eligible for assistance.

In addition to the CSFs the Commission can on its own initiative propose participation in operations of particular interest for the Community to the Member States. These Community initiatives are intended to complement actions already agreed with the Member States and covered by the CSFs.
Actual support measures are described in operational programmes which as a rule run for five years.

The tasks of the Member States

With the reform of the structural Funds the Commission has taken a significant step along the road to strengthening economic and social cohesion in the Community. Whether this road will lead to success also depends on whether the Member States themselves contribute to the convergence of Community countries: they have all been asked to align their economic and social policy with the joint objectives of the Single European Act (the 1992 objective). At all events this is a long-term development; but one thing is already clear: regional differences in national incomes in the Community have remained virtually constant since the mid-1980s, whereas before that they had increased slightly.
The latest calculations by the Commission have shown that adjustment — even with a favourable economic environment — takes place very slowly. For example, if a region with a per capita gross national product of 50 % of the Community average wished to increase its relative income level to 70 %, it would need to have a growth rate either of 1.25 % for 20 years or 1.75 % for 15 years *above* the Community average. The same applies to employment disparities. In order to reduce the unemployment rate — for example, by 5 percentage points — for instance from 20 to 15 %, the region would have to have an annual employment growth rate of 2.25 % for five years, 1.50 % for 10 years or 1.25 % for 15 years. These examples make it clear that the structural adaptation process cannot be rushed and that the EC structural Funds — at any rate in their present form and with their current funding — cannot perform any miracles when it comes to ending disparities.
Now, as the internal market approaches, completely new questions arise: to what extent will European monetary union (EMU) help to strengthen economic and social cohesion? What additional measures should the Community take to enable weaker regions to benefit from greater economic integration? It must be clear that EMU alone cannot guarantee a more rapid alignment of living standards in the Community. The Community must therefore have suitable instruments if it wishes to bring about such developments. The Commission has four aims:
(1) The Community must have the means necessary to assume greater responsibilities in the area of economic and monetary union; the EC budget at present corresponds to only 1 % of gross domestic product.
(2) Additional efforts are necessary to ensure that *all* Community policies contribute to economic and social cohesion.
(3) The Community must prevent negative economic developments having particularly serious effects on individual Member States.
(4) Community structural policy must be reinforced in order to increase its efficiency further and extend its area of competence.

Key figures

eurostat
Statistical Office of the European Communities, L-2920 Luxembourg, Tel. 4301-4567

Working conditions in the Community

Structure of employment by occupational status, in %, 1990 (except D, NL, IRL: 1989)

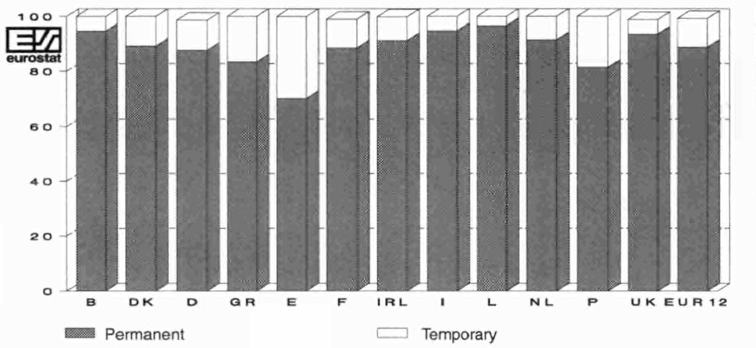
Wage and salary earners predominate

In the Community more than 80% of the active population are wage or salary earners; Luxembourg, Germany and Denmark have the highest proportion, with 89%, 88.8% and 88.6% respectively.

In Greece nearly half the active population is self-employed. The seven countries with more than 25% self-employed stand in contrast to the rest of the Community (with the exception of Ireland), where wage and salary earners predominate.

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Self-employed	18.9	11.4	11.2	47.7	26.3	15.7	24.8	28.2	11.0	11.9	28.8	13.3	18.6
Wage and salary-earners	81.1	88.6	88.8	52.3	73.5	84.3	75.2	71.8	89.0	88.1	71.2	85.7	81.2

Contracts of employment: breakdown (%) in 1990 (except D, NL, IRL: 1989)



Contracts of employment

88.8% of all contracts of employment in the EEC are 'permanent'.

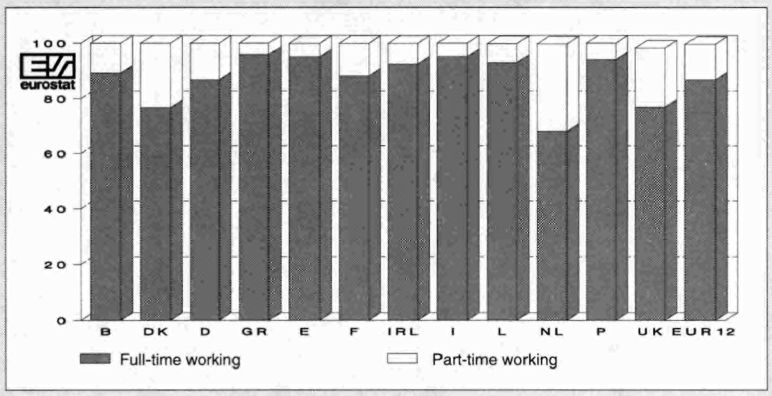
However, this high overall figure conceals some wide disparities: whereas only 3.4% of contracts are temporary in Luxembourg, the figure rises to 29.8% in Spain.

The only countries which lie clearly above the Community average are Spain, Greece and Portugal.

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Permanent	94.7	89.2	87.7	83.4	70.1	88.5	91.2	94.8	96.6	91.5	81.4	93.6	88.8
Temporary	5.3	10.8	10.9	16.6	29.8	10.4	8.6	5.2	3.4	8.5	18.6	5.2	10.4

Part-time working

Part-time and full-time employment, in %, 1990 (except D, NL, IRL: 1989)



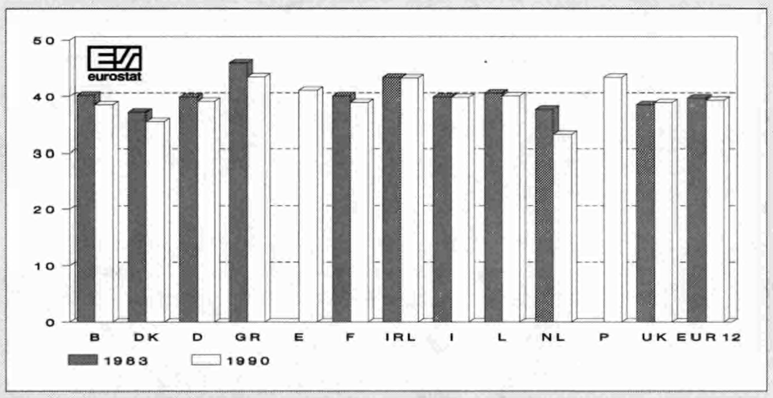
13% of wage and salary earners in the Community work part-time. However, there are also wide disparities at national level. Whereas nearly 31.6% of wage and salary earners in the Netherlands are employed part-time, the figure is only 4.1% in Greece.

Leaving aside Luxembourg and Ireland, it is the southern countries which have the lowest incidence of part-time working.

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
Full-time	89.1	76.7	86.6	95.9	95.0	88.0	92.4	95.1	92.9	68.1	94.0	76.9	86.6
Part-time	10.9	23.3	13.4	4.1	4.9	11.9	7.5	4.9	6.9	31.6	6.0	21.3	13.0

Length of working week

Average number of hours worked per week, 1983 and 1990 (except D, NL, IRL: 1989)



There has been a slight downward trend in the average working week in the Community from 39.7 hours to 39.3.

The southern countries and Ireland stand out with a record length of working week: 43.4 hours in Greece in 1990 and 43.3 in Portugal, i.e. nearly 10 hours more than in the Netherlands.

The United Kingdom is alone in registering an increase in the average working week.

Length of working week (in hours)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1983	40.2	37.2	39.9	45.9	:	40.1	43.3	39.9	40.6	37.7	:	38.5	39.7
1990	38.5	35.5	39.1	43.4	41.1	38.9	43.2	39.8	40.1	33.2	43.3	38.9	39.3

rail link and the construction of a motorway between Athens and the Yugoslav frontier with Greece. In addition, the European Commission extended on 6 November an ECU 285 million loan to the European Coal and Steel Community, for the consortium which is building the Channel tunnel.

■ Outlawed air fares

Forty business or club-class air fares, covering 25 routes between the UK and airports in other EC countries, are hereafter illegal. The European Commission decided on 27 November that they violated the regulation adopted in 1990 by the EC Council of Ministers liberalizing air transport. The Commission acted following a complaint from the UK Government in January 1991, involving 88 air fares for the 1990/91 winter season. After a long enquiry, the Commission concluded that 40 of these fares did not meet the criteria set out in the European law. Although these fares are no longer in force, the airlines in question — British Airways, Alitalia, Air France, SAS and Olympic Airways — cannot use them as the basis for calculating current or future air fares. Responsibility for seeing to it that the European law is respected rests with the governments of the countries concerned (France in the case of Air France, for example). This is the first time that the European Commission has made use of its new powers in the field of air transport.

■ Keeping modern languages alive

The aim of the EC programme Lingua, which runs from 1990 to 1994, is to enable modern language teachers to continue their training during their teaching career. The European Commission announced on 21 November the 12 cross-border projects which will receive the Community's financial backing. Selected from among the 50 applications for 1991-92, these projects provide for exchanges of teachers and the preparation of new methods of continuing training for language teachers. In making its selection, the Commission was careful to encourage the apprenticeship of languages which are relatively less used, including Italian, Spanish and Portuguese. The other languages covered by the programme are German, English and French.

INITIATIVES

● Towards a narcotics monitoring centre

The European Commission proposed to the Twelve on 27 November the creation of a European Drugs Monitoring Centre, in order to secure information on drug-related questions at the Community level that is both reliable and comparable. This body, which had been suggested in principle by President Francois Mitterrand of France in 1989 and adopted by the EC Heads of State or Government in June 1991, would be active in five areas: (1) demand reduction; (2) national and Community policies; (3) producer countries and the transport of drugs; (4) the traffic in drugs, seizures and chemical products used in the manufacture of drugs, and (5) the laundering of money from drugs and small-scale trafficking. An effective European fight against drugs would eliminate one of the main justifications for checks at the Community's internal border.

○ BRIEFLY

The first **European information agency for consumers** located in the southern region of the Community was inaugurated in Barcelona on 7 November. This agency will give legal advice to consumers and help tourists. Similar agencies have already been opened in Lille and Luxembourg as well as Mons and La Louvière (Belgium). Other regions close to the EC's internal borders will soon have their own agencies.

The EC Council of Ministers asked the European Commission on 13 November to speed up work on the **database** covering not only all Community legislation but also the rulings handed down by the Court of Justice and Court of First Instance of the European Communities. These documents will be available in all official languages of the Community, thanks to the completion of the Celex database.

In order that action **to protect endangered animal and vegetable species** can be taken at the level of the single market, the European Commission proposed to the Twelve on 13 November a European law which would limit, or even ban, as required, imports from non-EC countries. This law would come into force on 1 January 1993. At present EC countries wishing to protect a species which is not listed in the international convention on trade in endangered species must take measures at the national level.

Two departments of France's finance and economy ministry will join forces to set up a **monitoring post for public procurement contracts.** Its task will be to study the conditions in which these contracts are awarded in the EC, in order to verify if all the Community countries comply with the European law which provides for public procurement to be opened up to competition from 1993. An announcement to this effect was made in Paris on 18 November by the head of the department handling external economic relations. The other department in question is the central commission for markets.

In order to see to it that consumers are **better informed on fats which are used as a spread,** the European Commission proposed to the Twelve on 20 November a European law classifying them in three groups, depending on their origin: dairy, other and blends. This law would also include labelling standards, stipulating the contents of each type, such as 'low-fat dairy spread' or 'low-fat spread'.

The Italian Government proposed to the EC's Ministers for Justice on 13 November that the **training of judges** in the 12-nation Community include a European dimension. The Ministers have asked the European Commission to submit detailed proposals to this end.

OPINION POLL: LANGUAGES = BORDERS

Why is it that relatively few Europeans between the ages of 15 and 24 travel to another country in order to work, study or undergo vocational training? To begin with, because of language problems: this was the reason put forward by 32% during a Eurobarometer poll of young people carried out in December 1990 and published in mid-November 1991. Financial reasons were put forward by 17% of those polled as the main reason for not working outside one's own country. Other replies included the difficulty of finding a job or an educational establishment — 16%; inadequate motivation — 10%; homesickness — 8% and refusal by the family — 7%. On the whole, the EC countries with the highest proportion of young people never to have travelled abroad are also those in which young people know hardly any foreign languages: Ireland and the southern Member States. Some 38% of young people in Ireland have never been abroad; on average, they know 0.4 of a foreign language sufficiently well to be able to converse in it. The corresponding figures for other EC countries are: Italy — 40% and 0.7; Spain — 58% and 0.6; Portugal — 65% and 0.8 and Greece — 71% and 0.7. However, in EC countries with young people who know more languages — Luxembourg (2.7), Denmark (1.8), the Netherlands (1.6) and Belgium (1.1) — the proportion of young people who have never gone abroad is below or equal to 8%. For the EC as a whole, only 8% of young people have already travelled abroad and worked there; the proportion is slightly higher at 9% when it comes to studies and vocational training.

SEEN FROM ABROAD

▶ '1992' has a poor image in Japan

Japanese who have views on the '1992' programme of the EC have a very poor impression of its impact on EC/Japan relations, according to a special Eurobarometer poll conducted in Japan in August 1991. Only 29% of the general public had heard of '1992' as compared to 42% of the business community — managers, professionals and white-collar workers — and 62% of managers as a group on its own. What will be the effect of '1992' on relations between the Community and Japan? Of those polled, 56% of the general public and 42% of the business community had no views on the matter. Among those who did, it was felt that the effect of the single market will be both positive and negative — this was the case as regards 23% of the general public and 28% of the business community. Only 12% of the Japanese thought that '1992' will have a harmful effect on EC – Japan relations — this was true of 20% of businessmen — while 9% of them — and 10% of the business community — thought the effect will be a favourable one.

▷ BRIEFLY

Since 4 November 1991, **Austria has totally liberalized capital movements** on the same criteria as the European Community. This is the effect of a decree of the country's national bank, which among other things allows residents to open bank accounts and borrow money abroad. As a result, the Austrians now enjoy one of the EC's four freedoms; the others are freedom of movement of people, goods and services. Austria would like to join the EC as quickly as possible.

SMEs

◆ Europartenariat: Helping SMEs foster regional development

The goals of Europartenariat, a pilot scheme of the European Commission, are to establish direct contacts between small and medium-sized enterprises (SMEs) and stimulate the potential to be found in the EC's less-favoured regions. Each year since 1988 Europartenariat invites SMEs from all over Europe to meet their counterparts from one such region of the EC.

The first Europartenariat encounter in 1991 was held in Porto (Portugal) in June. It was a marked success. It was attended by more than 830 managers of SMEs, who were given the opportunity of meeting their opposite numbers from 210 specially selected local SMEs. Some 2 500 contacts were established between them, to which must be added the 2 500 contacts between the managers who had come from outside the region. Several dozen cooperation agreements — commercial, technological or financial — were concluded. Breaking with past practice, a second Europartenariat encounter was held in 1991 — this time in Leipzig (Germany) on 2 and 3 December. More than 1 200 companies from the 12 EC countries, the countries of the European Free Trade Association (EFTA) and of Central and Eastern Europe (particularly Poland and Hungary) took part. They were able to meet with the representatives of 344 selected companies located in the new *Länder* of Germany. An estimated 7 000 contacts were made on this occasion.

The sixth Europartenariat encounter will take place in Salonika (Greece) on 23 and 24 June 1992. The seventh encounter has been scheduled for the autumn of 1992 and will be in the Italian Mezzogiorno.

◆ Mutual guarantee companies and the financing of SMEs

Small and medium-sized enterprises find it more difficult than their larger contemporaries to locate sources of finance adapted to both their needs and their purses. In their view financial institutions pay too much importance to the guarantees needed to secure a loan, rather than examine objectively the projects put to them. What is more, even when SMEs offer the necessary guarantees, they are generally charged higher rates of interest than big companies.

The European Commission has argued, in a recent memorandum, that mutual guarantee companies are an effective way of improving on this situation. They allow SMEs, thanks to a joint action, to extend the necessary guarantees mutually to each other — in the form of a surety — in order to obtain bank loans. Such companies are to be found in seven EC countries: Belgium, Denmark, France, Germany, Italy, Luxembourg and Spain.

The Commission plans to encourage the expansion of these companies through various measures. They include help not only with the creation of a European association of mutual guarantee schemes but also with carrying out studies and holding seminars and conferences to publicize the operation of these companies.

◆ Exporting to Japan

Since 1979 the European Commission has been helping European firms penetrate the Japanese market. Exprom, the programme for the promotion of Community exports to Japan, has been engaged in numerous activities to this end. They include the training of young businessmen and women in Japan, the realization of market studies, the publication of guides, participation in fairs and backing for initiatives taken by manufacturers.

An important campaign to encourage EC companies to export to Japan, or to increase their market share, is in operation at present. It covers five manufacturing sectors: furniture, jewellery, sports goods, food and drink and analytical and measuring equipment. A guide for exporters has been prepared for each of these sectors, giving the procedures to be followed when exporting to Japan. The guide is available to EC exporters for ECU 75 (ECU 1 = UK£ 0.71 or IR£ 0.76).

In Japan itself the campaign theme is 'How to buy Community products'. The activities being undertaken in Japan include the publication of advertisements in Japanese media, the organization of seminars and conferences and participation in fairs and exhibitions.

A campaign logo, symbolizing the European Community, appears on all the publicity material used in the EC and Japan. European companies from the five sectors mentioned earlier can use the logo to underline the Community origin of their products.

If you want to find out more about this export campaign, or on how to export or increase your exports, or if you would like to use the campaign logo, please contact:

In the UK — Touche Ross Management Consultants, Peterborough Court, 133 Fleet Street, London EC4A 2TR. Tel. (071) 936 3000; Fax (071) 583 1198.

In Ireland: Deloitte and Touche, Earlsfort Centre, Earlsfort Terrace, Dublin 2. Tel. (01) 61 83 11; Fax (01) 61 86 22.

◆ A practical guide to transnational cooperation

'What are the changes in strategy which you deem necessary in order to meet the demands of the single market?' To this question, put to some 11 000 company managers in a Community-wide poll, the most common reply was 'improve productivity', followed by 'conclude cooperation agreements'.

Transnational cooperation is increasingly the answer to the challenge posed by the globalization of markets. But it is one which the SMEs are not yet turning to in sufficient numbers. The *Practical guide to transnational cooperation,* published by the European Commission, seeks to clarify the concept and set out the advantages and different stages: preparation, search for a partner, negotiation and start-up. This guide is aimed at company managers who want to engage in transnational cooperation; it offers them suggestions and practical advice as well as concrete examples. It also contains useful addresses and descriptions of all the Community institutions intended to help SMEs engage in transnational cooperation, in particular the Euro-Info-Centres, Business Cooperation Network, the Sprint network and the Business and Innovation Centres.

The guide is at present available for France and the Netherlands, but will be published for all Member States. It will be available from the Office for Official Publications of the European Communities in Luxembourg (price: ECU 10, excluding VAT) (ISBN 92-826-2798-5; catalogue number: CT-70-91-992-EN-C).

Commission of the European Communities
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