frontier-free EUROPE

COMMISSION OF THE EUROPEAN COMMUNITIES
Directorate-General for Audiovisual, Information, Communication and Culture

Monthly newsletter
ISSN 1021-2353

For new economic and monetary solidarity

■ by Raniero Vanni d'Archirafi, Member of the European Commission

European integration is going through a difficult period just now. It began with Denmark's 'no' in the June, 1992, referendum, and was followed by France's hesitant 'yes'. The situation worsened with a series of monetary crises, which reached their peak at the end of July.

In this climate of pessimism and loss of confidence on the part of the public, even the symbolic importance of the European single market could be diminished.

The single market: the basis of recovery

In today's unfavourable economic situation the single market, the most developed phase of European integration so far, can be the starting point for relaunching the Community. There are two reasons for this. The first is that all the Member States are in broad agreement on the need to complete the single market. The strongest pressure to move in this direction is coming from economic agents, who want the '1992' programme to succeed. The second reason is that the viability of the single market is threatened without the prospect of stable exchange rates and, at the end of the road, a single currency. The strengthening of the single market and, consequently, the recovery that flows from it, goes through monetary union.

It is generally accepted that, given divergent economies, it is impossible to pursue the goals of monetary stability, capital mobility and an independent monetary policy all at once. Add to them the free movement of goods and services and the result is what has been referred to as the 'irreconcilable quartet'. It is clear to me at present that the 'expedient' of wider bands of fluctuation, adopted in August as a direct consequence of that irreconcilability, poses a very serious threat in the medium term to the single market and the process of integration.

The single market and monetary stability

The Community today finds itself facing a paradox. On the one hand the system of fixed or adjustable exchange rates cannot withstand the speculative pressure exerted by financial markets, because it does not appear to meet the political preconditions for true economic convergence; on the other hand the system of wider fluctuation bands threatens to clash head-on with the process of economic integration stemming from the single market.

We must try to determine the course of action we must follow if that process is to be relaunched. Numerous authorities, with whom I agree, have indicated the basic principles on which the monetary decisions of Member States will have to be based, and in particular:

- the joint setting of exchange rates,
- their review at regular intervals, and
- the joint defence of these rates.

The natural forum for this closer monetary cooperation is the European Monetary Institute, to be set up early next year. It will have to play a key role in defining a joint framework within which individual central banks will conduct themselves. A fresh attempt at economic and monetary cooperation among the Twelve must aim at relaunching growth and employment; cooperation deliberately limited to stabilizing nominal exchange rates will have little chance of success. The revival of economic activity, on the other hand, will encourage commercial integration, exchange-rate stability and the gradual integration of economic structures. This is the only solution in the medium and long term.

The White Paper prepared by the Commission for the Brussels Summit of 10 and 11 December should be seen in that context. Its ambitious goal is to serve as a guide in the search for sustainable growth and a high level of employment.

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The text of this issue was completed on 9 November 1993.

DECISIONS

Nine seats for nine bodies

The 12-nation European Union will be able to act more effectively in a range of areas: on 29 October the EU's Heads of State or Government allocated the seats of nine new bodies, most of which will play an important role in the operation of the single market. This decision will breathe life into them.

- The European Monetary Institute (EMI) and the future European Central Bank (ECB) will have their seat at Frankfurt, the city in which Germany's Central Bank, the Bundesbank, is already located. The EMI, which has the task of coordinating the monetary policies of the Twelve, will begin work on 1 January 1994, the date set for the start of the second stage of economic and monetary union.

- Europol (European Police Office) will go to The Hague. It will be limited initially to a unit engaged in the fight against drugs as from October 1994. Its role will then be extended to include the fight against international crime in general, although the Twelve have yet to enter into a convention in this connection.

- The Office for Harmonization in the Single Market, which will deal with trade marks, designs and models, will be located in Spain. Adoption of the 'law' which will set it up is awaited.

- The European Environment Agency, foreseen since 1990, will have its seat in Copenhagen. It will prepare the data which will facilitate the preparation of European environmental standards.

- The European Agency for the Evaluation of Medicinal Products, set up in July 1993, will become operational in 1995 from London.

- The Office for Veterinary and Plant Health Inspection and Control, set up in 1991, will be located in Ireland. It will monitor the uniform implementation of 'European laws' covering meat, fruit and vegetables.

- The Agency for Health and Safety at Work will have its seat in Spain. It will provide the information needed to improve working conditions.

- The European Monitoring Centre for Drugs and Drug Addiction, set up in February 1993, will be located in Lisbon. It will collect as much information as possible on drugs: dependence, effects on health, traffic and gains (ill-gotten).

- The European Training Foundation for Central and Eastern Europe will be located in Turin.

EMU, Act II: agreement on ground rules

The Council of the European Union reached agreement on 25 October on a series of seven draft texts, which must be adopted by the end of the year if the second stage of economic and monetary union (EMU) is to be launched on 1 January 1994 as envisaged. Among the main features of these texts is the discipline they impose on central banks and national governments. These texts now await examination by the European Parliament.

Three European transport networks

EU ministers added three elements to the overall European transport network when they adopted three 'directing plans' on 30 October: one for the road network, covering roads and motorways, another for waterways — rivers and canals and a third for combined transport, such as road rail or road canal. These plans consist of a list of projects designed to join together national networks and to fill the gaps at European level. EU ministers adopted a comparable plan for the high-speed train (TGV) in 1990. They will receive from the European Commission similar proposals covering railways, ports, airports and traffic management. The realization of all these trans-European transport networks will require a total investment of ECU 220 billion (ECU 1 = UK£ 0.77 or IR£ 0.81), to be shared among the Twelve, the EU budget and the private sector.

Ten countries to share ECU 93 billion

The European Commission shared out on 21 October most of the aid which is being provided for the most disadvantaged regions of the 12-nation European Union for the period from 1994 to 1999. The total amount comes to over ECU 93 billion (ECU 1 = UK£ 0.77 or IR£ 0.81), and will benefit all EU countries with the exception of Denmark and Luxembourg. This aid will be provided by the EU's four Structural Funds. These are the regional, social and agricultural Funds and the financial instrument for fisheries. On the basis of such objective criteria as population and income per head, the Commission allocated ECU 26.3 billion to Spain, ECU 13.98 billion to Greece, as much to Portugal, and ECU 5.62 billion to Ireland. These four countries will also receive aid from the Cohesion Fund, fixed separately. Italy has been allocated ECU 14.86 billion, Germany ECU 13.64 billion, the United Kingdom ECU 2.36 billion, France ECU 2.19 billion, Belgium ECU 730 million and the Netherlands ECU 150 million. Some 9% of the Structural Funds' reserves has been set aside for such areas as interregional cooperation and the environment. The Commission will review the utilization of these Funds at the end of 1996, when regions and countries which have made the best use of the aid given them could hope for additional amounts.

A single market in road transport

The European single market in road transport is now complete, with the adoption by EU ministers of the remaining legislation on 25 October. However, it is only from 1 July 1998 that carriers established in one European Union country will be able to operate road haulage services freely within the territory of another. Such road haulage cabotage will be gradually liberalized, starting from 1 January 1994. The Twelve will next year deliver 30 000 cabotage authorizations lasting two months. The number will be increased annually by 30% until 1998. As for the taxation of road transport, the Twelve will tax lorries at a minimum European rate as from 1 January 1995 at the latest. Lorries using motorways in Denmark, Germany and the three Benelux countries, will have to pay a 'regional road tax' as from 1 January 1995. This tax, together with the tolls levied in other member countries, is a part of the European system aimed at ensuring a level playing field for carriers operating road haulage services within the EU.

Protecting young people at work

A ban on the employment of those who are under 15 years of age, and all those who have not reached the school leaving age in their country of residence, is the main objective of a Directive ('European law') agreed to by EU ministers on 12 October and now before the European Parliament. The Directive provides for three types of exception: in areas such as the performing arts, advertising and sport; training programmes which are a mix of courses and apprenticeship and, in the case of children 13 years of age and older, 'light work', which is not a threat to their health and does not keep them from school. The Directive also bans work between the hours of 10 p.m. and 6 a.m. or 11 p.m. and 7 a.m., as well as difficult or dangerous work, for those under 18 years of age.

One copyright period for the EU

Literary and other works protected by copyright in at least one Member State on 1 July 1995 will enjoy such protection throughout the European Union during the lifetime of the author or artist and for 70 years after his death. In the case of rights related to copyright — the rights of producers or broadcasters, for example — the period of protection will be 50 years. EU ministers decided on 29 October to harmonize the copyright period by adopting a Directive based on the highest level of protection available in the EU. At present the differences in the level of protection accorded by Member States exceed 50 years for comparable works or objects, with the result that cultural goods cannot move freely between them. The fact is that copyright and related rights account each year for 3 to 5% of the Community's gross domestic product.

COMMUNITY COMPETITION POLICY AND SMALL AND MEDIUM-SIZED COMPANIES

I. Anti-competitive agreements and practices [1]

Claus Dieter Ehlermann, Director-General for Competition, European Commission

Small and medium-sized enterprises make a vital contribution to the economic well-being of the European Community. The Community must therefore ensure that the appropriate regulatory and economic conditions exist so that they can prosper. As newly industrialized economies throughout the world continue to develop and expand, Community industry will, I believe, increasingly need to concentrate on sectors which require considerable technical and technological expertise, a well-trained workforce as well as efficient, flexible and innovative production methods. As we have seen in recent decades, SMEs play an essential role in these sectors. With the continued increase in the ease of communication and thus the spread of knowledge and technology, this role will expand even further.

Community policy must support a business environment favourable to SMEs. Maintaining fair competition rules is a main element in this policy, whose aim is to make sure that the European single market remains open and that fair competition conditions prevail. It prevents firms from 'cartelizing' or dominating the market and prohibits anti-competitive mergers or State aids. It is one of the Commission's main tools for ensuring that SMEs benefit from market conditions and especially from equitable trading rules on which their existence depends. My intention in this short series of articles is to outline how the Community's competition policy can impact on the activities of SMEs and also how the Commission, in enforcing the law, takes particular account of the needs and problems of this type of company. In this first article I shall discuss Article 85 of the EEC Treaty of Rome, which deals principally with anti-competitive agreements and concerted practices.

Article 85: anti-competitive agreements and practices

Article 85 (1) prohibits agreements and concerted practices which restrict competition and have a negative effect on trade between Member States. The most obvious example of such an agreement or concerted practice is a price-fixing or market-sharing cartel. These are illegal and when detected by the Commission — usually as a result of a surprise inspection following a complaint from a competitor or customer — the firms involved are fined heavily. The Commission has the power to impose fines of up to 10% of the worldwide turnover of the group to which the company infringing the competition rules belongs. In cartel cases, fines in excess of ECU 10 million have been imposed on individual companies on a number of occasions.

Another type of agreement which the Commission views as a particulary serious breach of competition rules is one which restricts parallel trade between Member States in the Community. In 1992, for example, the Commission imposed a fine of ECU 5 million on a sports equipment manufacturer for attempting to prevent the import of its products, into the Benelux countries other than through its official distributors. National trade barriers in the Community have been eliminated over the past 35 years by the joint action of Community institutions and member governments. The Commission will not tolerate that this type of barrier is re-erected by private firms.

Other examples of agreements that can restrict competition, depending on the parties involved and the form the agreements take, include:

— exclusive and selective distribution agreements,

— various forms of cooperation agreements such as specialization and R&D agreements,

— joint ventures and strategic alliances,

— technology and intellectual property licensing agreements.

While these types of agreement often restrict competition and thus are liable to be prohibited under Article 85 (1), they may also produce significant benefits: improving efficiency, enabling companies to enter or better penetrate new markets or otherwise bring advantages for the consumer. Article 85 (3) of the Treaty enables the Commission to exempt such agreements from the scope of Article 85 (1) where it is demonstrated that the benefits outweigh their anti-competitive effects. This is particularly important when applying competition policy to SMEs. These firms need the commercial freedom to collaborate in research and development, to market their products through other companies and to license their technology. Although each case is examined individually to see whether it meets the requirements of Article 85 (3), collaborative agreements between SMEs are, as a general rule, likely to be exempted. It is agreements between large companies with significant market shares that tend to attract the attention of competition authorities.

I have already mentioned the general issue of the need to balance effective regulation with a minimum admin-

[1] This article is the first in a series of three.

istrative burden on Community industry. This applies equally to competition policy. Compliance with Community competition rules can be expensive, both in terms of legal costs and management time. The Commission is sensitive to this issue, particularly where SMEs are concerned. We have, therefore, endeavoured to reduce the cost of compliance for industry in general and for SMEs in particular. The most important measures taken in this context are the following:

☐ ***De minimis* Notice** Article 85 (1) only applies to agreements and practices which have an 'appreciable' effect on competition and trade between Member States. Agreements that do not have such an effect are subject only to national competition policies. As a consequence, many agreements between SMEs fall outside the scope of the Community's competition policy. However to decide whether an agreement does in fact 'appreciably' affect trade or competition can be a difficult task requiring considerable legal expertise. The Commission has therefore published a Notice setting out easily applicable criteria whereby companies can judge whether their agreement is likely to fall within the scope of Article 85 (1). The Notice states that:
'7. The Commission holds the view that agreements between undertakings engaged in the production or distribution of goods or in the provision of services generally do not fall under the prohibition of Article 85 (1) if:
— the goods or services which are the subject of the agreement (hereinafter referred to as 'the contract goods') together with the participating undertakings' other goods or services which are considered by users to be equivalent in view of their characteristics, price and intended use, do not represent more than 5% of the total market for such goods or services in the area of the common market affected by the agreement, and
— the aggregate annual turnover of the participating undertakings does not exceed ECU million 200.
8. The Commission also holds the view that the said agreements do not fall under the prohibition of Article 85 (1) if the abovementioned market share or turnover is exceeded by not more than one-tenth during two successive financial years'.[2]
This Notice is of considerable assistance to SMEs which conclude agreements that do not exceed these thresholds. While the Notice does not give them absolute legal security that their agreement will fall outside the scope of Article 85 (1), it makes clear that there is a very strong presumption that this is the case and that notification is viewed by the Commission as unnecessary. The Notice states that if, in an exceptional case, such an agreement is subsequently found to come within the scope of Article 85 (1) no fines will be imposed.

☐ **Block exemption Regulations** Where SMEs conclude agreements that cannot benefit from the *de minimis* Notice and are likely to come under Article 85 (1), these agreements must, in normal circumstances, be notified to the Commission. Notification is both costly and time-consuming. The Commission has, therefore, issued a number of block exemption Regulations covering the following types of agreement:
— exclusive distribution,
— exclusive purchasing,
— motor vehicle distribution and servicing agreements,
— specialization agreements,
— research and development agreements,
— franchising agreements,
— patent licensing agreements,
— know-how licensing agreements.
These Regulations identify clearly-defined categories of agreements which automatically benefit from the exemption provision of Article 85 (3). Where the requirements set out in a Regulation are met, an agreement may be implemented without further ado. There is no need to notify it, as it is automatically granted an exemption for as long as it meets the requirements of the block exemption in question. These block exemption Regulations are particularly useful for SMEs and were in many respects specifically designed for their benefit. In a number of Regulations, maximum thresholds for turnover and/or market share have been set at levels at which SMEs are likely to be the principal beneficiaries.

Dealing with the Commission

An SME may come into contact with the Commission over competition policy in a number of different ways. It may be obliged to notify an agreement or practice for which it is seeking the benefit of an exemption under Article 85(3). It may need to submit a notification under the Merger Regulation. Equally, it may wish to bring to the Commission's attention an anti-competitive practice that is has encountered, or indeed submit an official complaint which the Commission would then be legally obliged to examine and, where necessary, actively investigate.
Alternatively, an SME may receive a letter from the Commission requesting information in relation to a case which it is investigating, in which the SME is only indirectly involved, perhaps as a customer or competitor. Finally, an SME may be required to submit to an on-the-spot investigation by the Commission as part of an investigation into alleged anti-competitive behaviour.
Within the Commission, the Directorate-General for Competition, generally known as DG IV, is responsible for enforcing Community competition policy. I consider it of great importance that DG IV is both open and accessible, and is ready and willing to answer questions and provide practical help, in particular to SMEs. Many who have not been involved in a competition case may regard the Brussels administration as distant and inaccessible. It is not, and I encourage SMEs with specific questions or problems relating to competition policy to contact DG IV directly, either in writing or by telephone. The Head of DG IV's information unit is Panayotis Alevantis. You may write to him at the European Commission (office C 150 0/158, rue de la Loi 200, B-1049 Brussels, or telefax Brussels (32-2) 295 5437), or telephone him on Brussels (32-2) 295 00 94. If he is unable to answer your query, he will try to find someone who can. DG IV also has available or is in the process of preparing a number of more detailed publications on its competition policy, including a bi-monthly newsletter.

[2] Commission Notice of 3 September 1986 on agreements of minor importance which do not fall under Article 85 (1) of the Treaty establishing the European Economic Community.

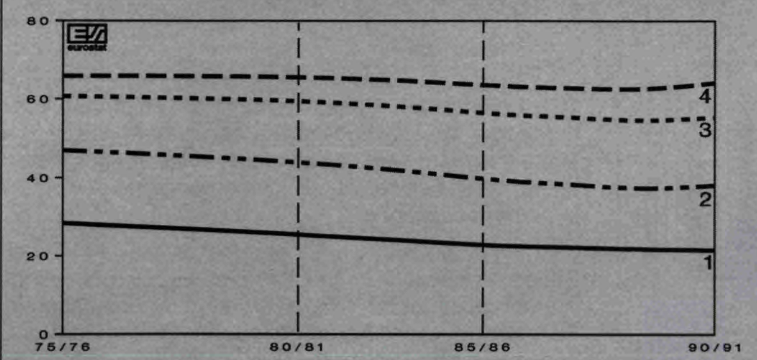
eurostat

Key figures

Statistical Office of the European Communities, L-2920 Luxembourg, Tel. 4301-34567

Education in the European Community

Trend in number of pupils and students, 1975/76 to 1990/91 (million)



1 = primary; 2 = junior secondary; 3 = senior secondary; 4 = higher

Schoolchildren and students in the Community

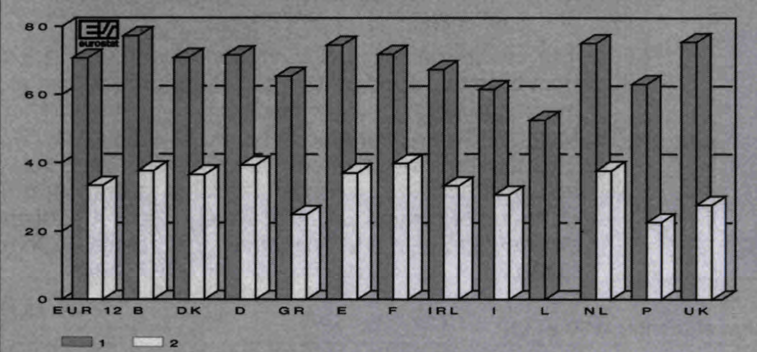
The total number of young people in education mirrors demographic trends, with the result that between 1975 and 1991 the number of schoolchildren and students in the Community went down. During the 1990/91 school year there were 64.1 million pupils and students, compared with 65.9 million in 1975/76. The number was lowest in 1988/89, with 62.4 million.

In recent years the downward trend has reversed, primarily as a result of a growing number of pupils and students in senior secondary and higher education. On the other hand, there has been no change in the downward trend in the number of children in primary education.

Student population by level of schooling, 1990/91 (1 000)

	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Primary	22 411	719	340	3 431	819	2 820	4 149	417	3 056	24	1 082	1 020	4 533
Junior secondary	16 569	384	242	4 533	441	2 062	3 244	201	2 262	12	774	443	1 972
Senior secondary	17 527	619	222	2 888	407	2 879	2 497	161	2 856	12	748	321	3 917
Higher	9 051	276	143	2 049	195	1 222	1 699	90	1 452	1	479	186	1 258

Enrolment rate (% of population aged 5-24 for total enrolment and aged 20-24 for enrolment in higher education)



1 = total enrolment; 2 = enrolment in higher education

School enrolment rate in Europe

Approximately 71% of Europeans between 5 and 24 attend a place of education.

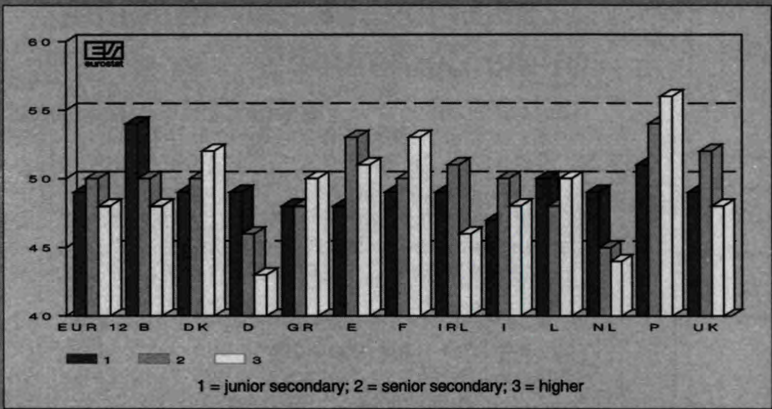
The situation differs greatly from country to country.

The lowest enrolment rate is in Luxembourg (primarily because of the significance of professional apprenticeships). Belgium, however, has the highest rate at 77.3%.

The enrolment rate for young people in the 20-24 age group also differs greatly from country to country, ranging from 22.7% in Portugal to 39.8% in France.

%	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total enrolment	70.7	77.3	70.9	71.6	65.4	74.6	71.9	67.4	61.5	52.5	75.1	63.1	75.5
Enrolment in higher education	33.5	37.8	36.7	39.3	25.0	37.2	39.8	33.4	30.7		37.8	22.7	27.7

Females in education, 1990/91 (%)



Female education

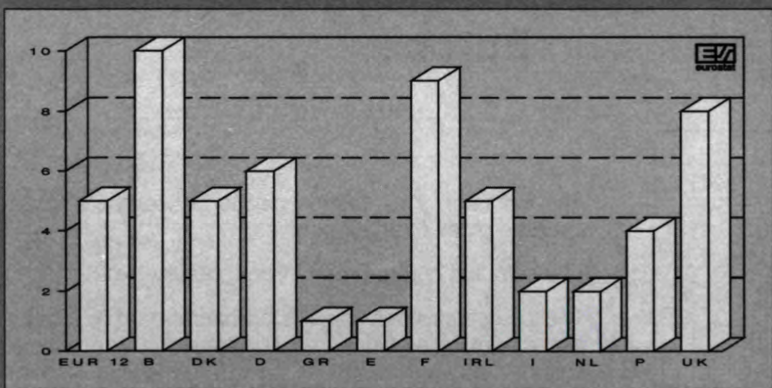
There seems to be equality of the sexes in the Community as far as education is concerned. There are almost as many females as males at the various levels of education (with a slightly lower proportion of women in higher education).

This virtual equality does not apply to all the Member States, especially in the case of higher education. Women account for 43% of the student population in Germany, whereas the figure reaches 56% in Portugal.

Percentage of females in education, 1990-91

	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Junior secondary	49	54	49	49	48	48	49	49	47	50	49	51	49
Senior secondary	50	50	50	46	48	53	50	51	50	48	45	54	52
Higher	48	48	52	43	50	51	53	46	48	50	44	56	48

Number of foreign students in higher education 1990/92 (%)



Foreign students

In 1990 foreign students (from all countries) accounted for about 5%, or some 440 000, of those in higher education in the Community. A quarter of these students came from other Member States.

The number of foreign students is higher than the Community average in Belgium, France and the United Kingdom. The percentage is very low in Greece (1%) and Spain (1%).

The country of origin of foreign students also varies from Member State to Member State. In Belgium almost half of all foreign students come from other Member States, whereas in Greece the figure is 7%. The country of origin often reflects historical and colonial links (with many African students in France and Portugal) or cultural links (with many South American students in Spain and Scandinavian students in Denmark).

Origin of foreign students, 1990-91 (%)

	EUR 12	B	DK	D	GR	E	F	IRL	I	NL	P	UK
Europe	39	52	42	55	53	43	21	48	54	57	14	38
EUR 12	25	48	15	23	7	34	16	46	40	40	14	30
EFTA	4	1	21	9	1	6	1	1	7	4	0	4
Africa	27	34	1	6	16	16	56	5	13	8	59	12
North America	6	2	4	5	3	9	4	19	10	4	3	10
South America	4	3	1	3	1	24	3	0		13	21	2
Asia	23	8	22	29	25	7	15	27	22	16	0	38

☐ BRIEFLY

Businesses located in nine European Union countries which have **repairs carried out in another EU country** no longer have to pay VAT in the second country and then seek reimbursement. On 25 October EU ministers authorized this derogation from the European VAT system in the case of the United Kingdom, Ireland, Belgium, Denmark, France, Italy, Luxembourg, the Netherlands and Portugal.

With the introduction of the single market **the quotas governing imports of textiles and clothing** from low-wage countries are no longer national but European in nature. EU ministers adopted on 12 October a Regulation setting out the necessary procedures. The Regulation also simplifies the current legislation in this field, thus making it easier to understand.

Pending the implementation of the definitive system as from 30 June 1994, the Twelve and the European Commission can exchange, as from now, **information on products which may present risks for the health and safety of consumers.** On 25 October EU ministers decided to introduce a system designed to notify all competent authorities of the measures taken at the national level to prevent or restrict the sale of certain products. The system does not apply to products already covered by specific notification procedures, including agricultural products, foodstuffs and medicines and medical devices.

Motor cycles and motorized bicycles (mopeds) intended for sale throughout the 12-nation European Union will hereafter have to be fitted with a stop light and two-wheelers with side-cars will require warning lights. These requirements are contained in a Regulation adopted on 29 October by EU ministers, who also adopted two Directives covering (i) the location of the rear licence plates on two- and three-wheelers and (ii) the maximum dimensions of these vehicles. The aim is both to reinforce road safety and harmonize national regulations.

EU ministers have decided to **reinforce checks on foodstuffs by official bodies.** They adopted on 29 October a Directive which sets out the specific qualifications needed by those entrusted with carrying out these checks; a system of quality standards for the laboratories involved in them and a closer collaboration among the Twelve. Prevention has not been overlooked, with the Twelve and the European Commission helping each other.

Hereafter **groups of airlines** which manage computerized reservations systems (CRS) will have to provide the information they hold to another CRS should it ask for it. In addition, they will have to display information on flights by competing airlines on their own CRS. EU ministers adopted a Regulation along these lines on 29 October, in order to ensure competition among airlines, on the one hand, and the supply of information to consumers on the other.

A single market in **ground stations for satellite communication** is the aim of a Directive adopted by EU ministers on 29 October. This text sets out the harmonized procedures for certification, testing and the verification of the quality of the equipment in question.

BASKET 'FROZEN' FOR A STRONGER ECU

With the entry into force on 1 November of the Maastricht Treaty on European Union, the composition of the ecu, the European currency unit, is automatically 'frozen'. It will remain unchanged until the ecu is transformed into the Union's single currency. An official announcement to this effect was made by the European Commission on 8 November. In practice the composition of the ecu as fixed on 21 September 1989, when the peseta and escudo were included in the basket, remains valid: the ecu still contains the same amount of each of the national currencies — DM 0.6242 and FF 1.332, for example. But as the value of Union currencies can vary in relation to each other, the weight of each currency in the ecu changes in favour of the strongest currencies. Thus the Deutschmark accounted for 30.32% of the value of the ecu on 21 September 1989 and 32.63% on 28 October 1993. During the same period the Italian lira went from 10.23% of the value of the ecu to 8.16%. The 'freeze' consequently should render the ecu both more stable and stronger.

INITIATIVES

● A Green Paper on after-sales service

If there are no more internal frontiers in the case of purchases made within the European single market, they are very much in evidence as regards guarantees and after-sales service. This is clear from the Green Paper published by the European Commission on 20 October to stimulate reflection on the question and to try to find solutions. Until 30 April 1994 all interested institutions and organizations, both European and national, are invited to forward their information and suggestions to the Commission. A poll had already shown that the difficulties in having a defective product repaired, or exchanged, in another country was the main reason why consumers were suspicious of cross-border shopping. The Green Paper has thrown light on the enormous disparities between the various national laws on legal guarantees and general European rules on commercial guarantees — granted volontarily by the manufacturer or retailer — and after-sales service. The Commission envisages a certain harmonization as regards the guarantee, as well as the creation of a 'European guarantee' which businesses would be free to adopt if they so wished. As regards after-sales service, the main problem seems to be due the absence of spares.

● Cross-border VAT: a positive assessment

On the whole businessess have adapted well to the new system of VAT and excise duties, which does away with checks at internal frontiers, introduced on 1 January 1993, while cooperation among the Twelve in the fight against fraud has worked well. The assessment of the first six months of the system, as presented by the European Commission on 25 October, seems positive in the main. The existing difficulties have been well circumscribed; they are due notably to an absence of harmonization between national systems as regards transport and hand tailoring. On 5 November Mrs Scrivener, the European Commissioner with responsibility for taxation, announced proposals aimed at simplifying formalities, particulary for SMEs, in the coming months. They will deal in particular with successive operations, repairs, transport, consignments of limited value, the system of tax representatives for businesses which do not have offices in client countries and, finally, the distance selling of wines and alcohol.

○ BRIEFLY

The European Commission proposed on 3 November **strengthening the MEDIA programme,** which supports the audiovisual industry, along three lines: distribution of European programmes, market-oriented production and the training of those working in the industry. The Commission envisages extending MEDIA (1991-95) beyond 1995, an idea which EU ministers approved on 5 November.

At their meeting in Paris on 18 October, the nine countries belonging to the Schengen group — the Twelve less the United Kingdom, Ireland and Denmark — fixed **1 February 1994 as the date for the elimination of identity checks** at their common frontiers. The previous deadline of 1 December 1993 could not be met because of delays in the introduction of the computerized 'Schengen' databank, located in Strasbourg.

SEEN FROM ABROAD

► Norway: Parliament for, public against

According to two polls published on 18 October Norwegian public opinion is clearly hostile to the country joining the European Community. In the one case 56% of those polled were against membership, in the other 53.7%. The percentage in favour of membership was 24% in the first case and 22.8 in the second. This did not prevent the Norwegian Parliament from rejecting, by 105 votes to 51, on 21 October, a motion calling for the country's membership application to be withdrawn. Like Austria, Finland and Sweden, Norway is currently negotiating its eventual entry into the European Union. The Norwegians, like the citizens of the other three candidates for membership, will decide by referendum whether they want to join the Union.

◆ Euro-Info Centres: a 'correspondence centre' in Israel

The acceleration of the Middle East peace process, a consequence of the agreements between the Israelis and the Palestinians, opens up new possibilities: an increase in the level of economic activity and of trade both within Israel and the Occupied Territories and within the region as a whole. It is in this context that the European Commission inaugurated on 4 November a Euro-Info Centre 'correspondence centre', located in the Israel Export Institute in Tel Aviv. Its tasks is to provide information, aid and advice to Israeli enterprises in order to enable them to take part in the process of integration of the European single market. This is to be achieved through rapid access to Community information and databanks and through the training of personnel. Thus such Community instruments as BC-Net (Business Cooperation Network), the network of Euro-Info Centres, Europartenariat and Med-Invest will help promote economic cooperation and a larger volume of trade. There are plans to organize a Med-Partenariat in Israel in 1994 in the framework of the Med-Invest programme, which promotes cooperation between European and Mediterranean countries with a view to encouraging the development of small and medium-sized enterprises (SMEs) in North Africa and the Middle-East.

The correspondence centre based in the Israel Export Institute will also play the role of catalyst, not only in the development of economic relations between the EC and Israel but also more generally in the development of relations between Europe and Mediterranean world. The Commission will foster the economic integration of the Middle East, particulary by encouraging joint ventures, subcontracting, executive training and, of course, intra-regional trade.

◆ AL-Invest: Promoting industrial cooperation with Latin America

The European Commission is introducing a programme of industrial cooperation and investment promotion with Latin America (AL-Invest), in order to (1) promote attempts by European SMEs to extend their reach beyond the frontiers of the Community and (2) help Latin American enterprises become more competitive. The programme is in two parts. The first extends to Latin American countries the instruments and programmes already being implemented in the European Community, in order to make it easier for European and Latin American enterprises to make contact with each other: creation of joint ventures and the implementation of joint projects, notably investment, training, technology transfers and commercial networks. The Commission will support, for example, the organization of industrial meetings, organized on a sectoral basis — Interprise activities and sub-contracting fairs. It will multiply contacts between companies and professional bodies, through the agency of such European networks as Business Cooperation Centres (BCC), BC-Net (Business Cooperation Network) and Coopeco (the network for cooperation specifically with Latin America).

The second part of the AL-Invest programme is aimed at providing backing for Latin American business networks which facilitate exchanges of proposals between local entrepreneurs, on the one hand, and between Latin America and the European Community on the other.

◆ Euro-Info Centres and European research

The main role of the 210 Euro-Info Centres (EICs) which cover the entire territory of the European Union is to provide information and advice to SMEs on European policies and programmes. Over and above this general aim, many EICs have developed specialist skills in fields such as cooperation, associations and mutual benefit societies (the 'Aries' EIC[1]) or technological research and development. Currently a specialist group has been set up, bringing together 42 EICs which have done a great deal of work in the field of research and development. The group's main activity is the organization of events designed to promote Community programmes of research and technological development among SMEs. In 1993 some 40 such events were organized, dealing either with specific programmes, such as environment and industrial technologies and materials, or topics such as technology transfer. Some of these events sought to inform SMEs of the criteria and procedure for taking part in a Community research programme, while others emphasized cooperation between SMEs, by providing an opportunity for direct contacts between firms from several Member States with an interest in a given sector or programme.

For further information, contact Nic Morris at DG XXIII — Euro-Info Centres. The address is 70 rue Montoyer 70, B-1040 Brussels. Tel. (32-2) 287 1566. Fax: (32-2) 230 0520

◆ All you want to know about the laws governing associations in the European Union

In the European single market associations play a decisive economic and social role. A European legal guide to associations has just been published by the European Commission, with the collaboration of the French publishers, Lamy (187/189 Quai de Valmy — F-75010 Paris. Tel. (33-1) 44 721 200). The two-volume work contains a detailed study of the law of associations — general principles, constitution, activities, dissolution, the tax system in force in different States of the European Union as well as the texts embodying the European statute of associations. It is available in French under the title *Le droit des associations*, and is a valuable tool for founders, directors and members of associations. (Volume 1: Belgium, France, Italy, Luxembourg, the Netherlands and the statute of the European Association. Volume 2: Germany, Spain, Greece, Portugal and the United Kingdom).

[1] Aries — European Cooperation Network — rue Guillaume Tell, 59 B-1060 Brussels. Tel. (32-2) 537 5740. Fax: (32-2) 537 0917.

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OFFICE FOR OFFICIAL PUBLICATIONS OF THE EUROPEAN COMMUNITIES
L-2985 Luxembourg
Catalogue number: CC-AI-93-010-EN-C