



Making the most of the single market for SMEs

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

The European Council that met in Brussels on 10 December recognized that the single market remains one of the main assets of the European economy and, as such, should be fully exploited. Our task is to ensure that the single market becomes a reality and that its first phase — the adoption of common legislation — results in the effective implementation of this legislation and the full use of the possibilities it offers.

To this end the European Commission has presented, after wide-ranging consultations, a strategic programme entitled 'Making the most of the internal market'. It should not be seen as a new legislative programme but rather as a restatement of priorities for action in this field, to be used as a 'road map' for the development of the single market.

The main features of the strategic programme The programme highlights the role played by the various European Union policies in the effective operation of the single market. It proposes a number of measures designed to ensure that the new rules of the single market are fully effective.

- Several legislative proposals have still to be adopted. In addition, new proposals have been recently unveiled, which provide for the free movement of persons and for competition in certain regulated sectors — energy, telecommunications and postal services.

- A new task is the management of the single market, so as to ensure that Community legislation is enforced in an effective and uniform manner. Far from being a bureaucratic exercise, it is needed to ensure fair competition, avoid the unnecessary costs for businesses and consumers which result from inefficient administration, and generate the confidence required for sustained economic growth.

- Another component of this programme is the 'second phase' in the development of the single market, involving new measures aimed at improving the business environment. These measures include, for example, the active application of competition policy, the solution of problems arising from delays and double charging as regards cross-border payments, and the introduction of a more favourable tax system for businesses. Further steps are planned as regards European standardization and conformity testing.

- The strategic programme, which complements the White Paper on growth, competitiveness and employment, outlines the measures to be taken to promote the coordinated development of trans-European networks, stimulate private investments and ensure the technical interoperability of networks. It also contains proposals for the early introduction of data-transmission networks between national civil services.

Measures aimed specifically at SMEs The advantages stemming from the completion of the single market do not come about automatically; on the contrary, they demand considerable efforts on the part of businesses. We are currently witnessing a restructuring of economies, under the pressure of increased competition, itself the result of both the single market and the liberalization of international trade.

To help SMEs meet this plethora of fresh demands, the strategic programme proposes a series of actions:

- measures which make it easier to obtain finance;
- proposals aimed at resolving problems of delays in payments relating to commercial transactions;
- measures designed to help SMEs adapt to changes in standards and conformity testing;
- the publication, during the second half of 1994, of a guide setting out the steps a business must take before bidding for a public procurement tender in another Member State;
- the simplification of administrative burdens for SMEs;
- the improvement of business-transfer terms and succession rights.

The European Commission has already taken a number of concrete steps in this direction, by launching a Community initiative in favour of SMEs. It has been launched in the framework of the Structural Funds and endowed with ECU 1 000 million. The aim is to help SMEs become more competitive through meeting the demands of the single market and international competition. The priorities for Community financing include improvements to the system of production and organization of SMEs (particularly as regards total quality) and access to new markets, including public procurement. These measures will be integrated into a global approach, with the adoption by the Commission, in the coming months, of a 'second generation' action plan in favour of SMEs, as stated in the White Paper.

■ Anticipating technical obstacles

As from 1 July 1995 the Member States of the European Union will have to be more strict in order to make sure they do not adopt national technical standards that prevent the free movement of goods within the single market. The Council of the European Union adopted, on 10 March, a directive ('European law') which strengthens the information procedure applicable to industrial, agricultural and pharmaceutical goods and to cosmetics. Thus, each of the Twelve will have to inform its 11 partners and the European Commission not only if it plans to adopt technical regulations as such, but also when drafting less formal rules, such as provisions referring to occupational codes, agreements between manufacturers and public authorities, and specifications linked to fiscal stimulants. As at present, the Twelve will have to refrain from adopting the standards envisaged, with the exception of fiscal incentives, for a certain length of time. But this waiting period, of varying length, could be as long as 18 months, as against 12 months at present.

■ A common import regime

The EU Council adopted definitively, on 7 March, the six regulations establishing a system covering all imports. The new system, which is to be common to all EU countries, represents the external dimension of the single market (see No 3/94). The new system increases the effectiveness of the defensive instruments against dumping and the use of subsidies by non-EU countries. In the event of a dispute, the measures taken in this area have fallen within the competence of the European Court of First Instance, and not the European Court of Justice, since 15 March.

■ Cross-border aid for jobs ...

The European Commission has decided to launch programmes that give priority to employment, using for this purpose the ECU 13 450 million (ECU 1 = UK £ 0.76 or IR £ 0.79) earmarked by the Twelve for regional and social aid which comes under the European Commission. On 16 February the Commission defined 13 'Community initiatives' for the period 1994 to 1999. They differ from other forms of Community aid in that they require States and regions to submit to the Commission programmes in areas it has chosen itself and which are of interest to the Union as a whole. These 'initiatives' also make it possible to experience new ideas and to exchange experiences at the Community level. The Commission thus envisages a programme called *Emploi*, which will make it easier for women, the disabled and the long-term unemployed to enter the job market. *Emploi* will also help those under 20 years of age who have no qualifications to obtain employment or vocational training. The aim of another programme, *ADAPT*, is to prevent unemployment throughout the Union by helping workers and enterprises adjust to industrial change. The inspiration for *Emploi* and *ADAPT*, each of which is to receive ECU 1 400 million, is to be found in the Commission's White Paper on growth, competitiveness and employment.

■ ... and the regions

The continuation until the end of 1997 of four existing programmes — *Rechar*, *Resider*, *Konver* and *RETEX* — will contribute to the reconversion of regions that are dependent on the four sectors in question: coal, steel, defence and textiles, respectively. A special programme is envisaged, aimed at helping the Portuguese textile industry meet the challenge of increased world competition, following the recent GATT Agreements. These programmes will together receive a total of ECU 2 300 million. In addition, SMEs are to have their own programme (see p. 4). The *Interreg* programme, which fosters cooperation between border regions of the Union, will continue, and will receive ECU 2 900 million, including ECU 500 million for en-

ergy equipment. The current *Leader* programme, in favour of rural development, will become *Leader II* and will receive ECU 1 400 million in funds. Cities have not been forgotten: a new *URBAN* programme will help some 50 employment and urban renewal projects with ECU 600 million. The *REGIS* programme, which is aimed at overseas regions, will continue allocating ECU 600 million. Finally, a new programme, named *PESCA*, with a budget of ECU 250 million, will help regions dependent on the fishing industry. The European Parliament and the new Committee of the Regions must examine these programmes before the Commission's final decision.

□ BRIEFLY

The European Union will shortly have greater legal powers to **tackle the problem of counterfeit and pirated goods**. EU ministers agreed, on 10 March, on the terms of a regulation extending the protection currently given to trade marks to copyright, designs and models.

The United States has undertaken to protect the **designation of several typically European alcoholic beverages**: Scotch whisky, Irish whiskey (or whisky); Cognac, Armagnac, Calvados and Brandy de Jerez. The European Union in return will protect the American designations Bourbon, Bourbon whiskey (or whiskey) and Tennessee whiskey (or whiskey). The EU Council adopted an EU-US Agreement along these lines on 22 February.

The European Commission shared out among the nine beneficiary countries — the Twelve minus Greece, Ireland and Portugal — the sums earmarked for the **modernization of agriculture and fisheries** in the regions that are not the most disadvantaged in the EU. They will share a total of ECU 4 600 million for agriculture and ECU 908 million for fisheries, over the period 1994 to 1999. Countries receiving the lion's share of agricultural aid are France and Denmark; France, Denmark and Italy will receive the bulk in the case of aid for fisheries.

The EU Council adopted, on 10 March, a directive setting out the main safety requirements for **protective equipment and systems for the mining, oil and chemical industries**. The aim is to prevent explosions due to the presence of firedamp and combustible dust. Equipment that meets the requirements and verification procedures laid down in the directive will be entitled to display the CE mark.

INITIATIVES

● Adapting VAT to chain transactions ...

A proposal the European Commission sent to the Twelve on 2 March seeks to simplify the EU's transitional VAT scheme in order to make it easier to carry out chain transactions, on the one hand, and the related, transport-based operations on the other. Chain transactions which involve the sale and purchase of the same commodity by traders in different countries without the goods in question being shipped anywhere, account for 5% of the trade subject to VAT in the EU. Under the present system every trader taking part in transactions involving goods originating in the EU must register for VAT in the Member State in which the goods are to be found, report the sale and pay the tax due. There is no such requirement in the case of goods imported from non-EU countries. The Commission has proposed that VAT be paid only when the goods are acquired by the final buyer and leave the warehouse. This system would be optional and no EU country would be obliged to use it.

● ... and to transnational transport

The European Commission is also proposing that carriers be allowed to invoice all the elements of a cross-border operation, including such related services as loading, unloading and handling, in the country in which the goods have been acquired. It is in this country that VAT would be paid, at the local rate. This would bring into general use a practice which a number of EU countries have already adopted by means of derogations. Under the rules currently in force services linked to the transport of goods have to be billed in the country in which they are rendered, at the VAT rate in force in that country. This means that a Danish carrier, for example, must register for VAT in Italy in order to be able to pick up and handle goods for delivery in Denmark.

INTRASTAT: ONE YEAR ON

Following the disappearance of customs formalities with the completion of the single market on 1 January 1993, a system has been set up to collect statistics on trade in goods between Member States direct from businesses (Intrastat).

This system was developed by Eurostat, the Statistical Office of the European Communities, in close cooperation with the Member States.

Such is the scale of the changes introduced by the new system that the national authorities, which have had only a limited time to prepare for them, continue to face major problems both in collecting and in processing the information.

Experience to date and analysis of the first published results, therefore, suggest a need for caution. That said, the Member States and the Commission have not been slow to take or plan action to bring about a swift and significant improvement in the way the system works.

A quick reminder — What is Intrastat?

Intrastat is the system for collecting statistics on intra-Community trade set up on 1 January 1993 (see issue No 3/93). Its main features are as follows:

— information is collected direct **from businesses**, which each month send the appropriate statistical department a summary of trade operations for the previous month; in some Member States these declarations are used for both statistical and fiscal purposes; the volume of data to be provided on the goods traded is limited: nomenclature code, partner country, value and quantity, nature of the transaction, delivery terms and mode of transport; Member States may also demand certain extra information, such as country of origin or statistical procedure;

— it is **closely linked to the VAT declaration system** for intra-Community trade; national tax authorities are required to send the statistical services a list of operators who have bought or sold, together with the value of these operations, at least every quarter to enable a check to be made on the comprehensiveness and quality of the statistics;

— it is designed to **minimize the burden on businesses**; for all of them the introduction of Intrastat has meant fewer obligations than under the old

system; moreover, for a very large number of operators, the application of a threshold system has had the effect of either exempting them from all formalities or greatly reducing the amount of information they have to provide;

— it is accompanied by a **modernization of the system for data input and transmission** as part of a vast project known as Edicom; a large number of tools have been developed and promoted for use both by the businesses which have to supply the information (notably the provision of a software package for the electronic processing of information) and by the statistical services, whose system for collecting and processing statistical data has been improved.

How Intrastat works: numerous problems to overcome

As with any new system, the businesses and administrations using Intrastat have had and are still having problems. These have been identified and most of them are being dealt with. They are mainly in the following areas.

Rate of response

It is not easy to measure this rate. Most Member States do not possess past data for individual businesses and a systematic comparison of the results with those from tax sources has not yet been possible.

In some Member States, however, the non-response rate for the first half of 1993 has been estimated at about 15% of businesses, leading to a loss in value terms of between 3 and 5%. It is mainly small businesses that are at fault. Substantial resources have, therefore, had to be mobilized to improve the rate of cover. Numerous reminders have led to a marked improvement in the situation but this still varies a great deal from Member State to Member State.

Late submission of declarations

Many businesses continue to encounter major internal organization problems, leading to delays in submitting declarations, which are only slowly being absorbed, again with variations from country to country. The main problems seem to be with

the computerization and availability of the documents (invoices mainly) needed for filling in the declarations.

Classification of goods

Because of the highly detailed nature of the combined nomenclature, many companies, especially small non-computerized businesses, have been faced with the problem of classifying products and processing a large number of entry headings. This has been made worse by the absence of a transaction threshold (under the new system thresholds are fixed by type of business according to their share of intra-Community trade).

Link to the tax system

The constraints imposed by this link for the statistical declaration in the case of certain operations (work on a one-off basis, triangular trade, etc.) have tended to complicate the task of the operators as well as the comparison of data for control purposes.

Processing of information

Too little time was allowed for adapting national computer systems, hampering the processing of information; this in turn led to delays not only in producing figures for intra-Community trade but also for trade with non-member countries.

The application of thresholds, in particular, has certainly simplified things for the vast majority of companies but it has complicated processing operations for the national administrations. New tasks have emerged, such as administering operator registers and adjusting the data collected where necessary.

Applications and communications software

The products developed as part of the Edicom project are now proving very useful, but they got off to a bad start because of their late appearance on the market and the time spent making the necessary refinements.

One year on: how the system has developed

Despite these difficulties, the majority of Member States are not unhappy with the way the system is working and do not see any need for radical changes.

Quite the opposite. A large number of proposals to strengthen the system are currently in the pipeline, originating with the Commission and the Member States. The main objectives are:

To provide businesses with better information

The top priority must be to increase the rate of response. In the past year most Member States

have conducted information campaigns and taken steps to remind businesses of their obligation to file declarations. This is beginning to bear fruit. Eurostat would also like to see action to promote modern data-processing tools.

To define methods for adjusting and assessing the data collected

Work is under way to find harmonized methods for compensating for the information loss that occurs when businesses fail to file declarations or send in very rudimentary ones. This work has already resulted in corrected aggregate results in many Member States.

To further simplify the task of businesses

Various options come to mind here but the Commission and the Member States are also anxious to preserve the quality of the statistics. The Commission has accordingly produced proposals for two new Regulations: one to exempt businesses from the need to give the net amount for certain products, and the other to simplify the declaration for low-value transactions.

Other proposals will be examined with a view notably to simplifying the classification of certain types of good.

To develop applications and communications software tailored to meet the requirements of the individual Member States

The Edicom project is entering a new phase following the Commission proposal on inter-administration telematics networks for statistics relating to the trading of goods between Member States. This proposal earmarks a budget of ECU 20 million for the next two years and involves the Member States more closely in the decision-making process.

To speed up the collation of statistical information

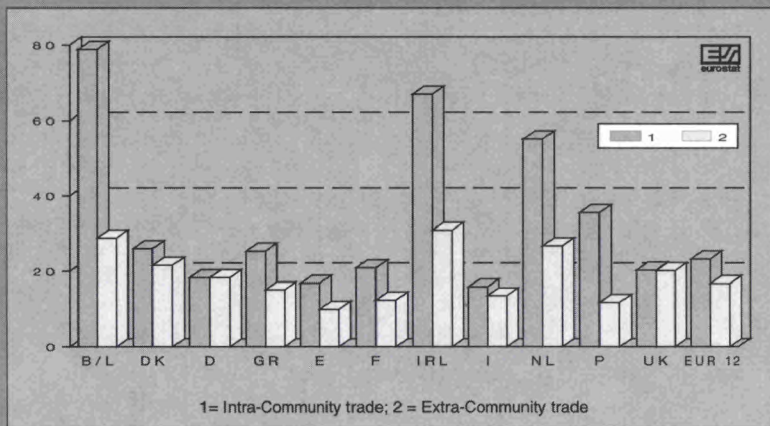
The Commission has introduced shorter deadlines for transmitting results to Eurostat. In addition, a system for exchanging provisional aggregated results prior to the release of detailed figures has been put in place.

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Action on all these fronts has already enabled Eurostat to publish figures for each partner country for the first half of 1993. In all probability, detailed figures for the same period will be available for the whole of the European Union by the time this article is published. One year on, then, the situation is still difficult, more so in some Member States than in others, but it has improved overall.

The European Union's external trade

External trade in goods as a percentage of GDP, 1993 (calculated from months 1-6)



The importance of trade

Expressed in terms of GDP, intra-Community trade in goods represents 23.2% of the Twelve's economy, and extra-Community trade 16.7%.

The Member States most heavily involved in intra-Community trade are the BLEU (Belgo-Luxembourg Economic Union) with 78.8%, Ireland with 67%, and the Netherlands with 55.1%.

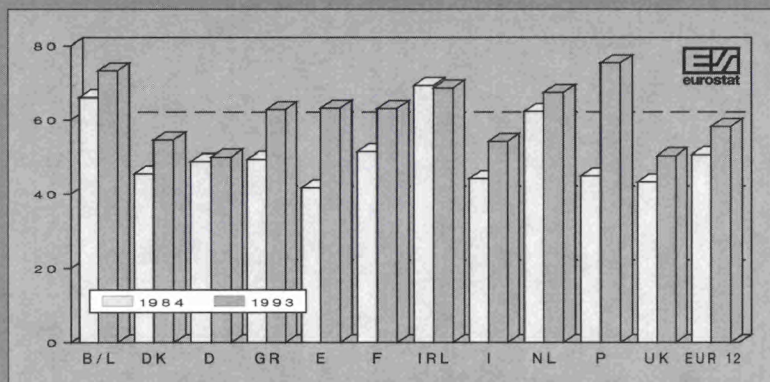
Italy and Spain appear to be the least committed, with Intra-Community trade at 5.8% and 16.8% of GDP respectively.

Although intra-Community trade exceeds extra-Community trade as a percentage of GDP in every Member State, the gap is negligible in the United Kingdom and nil in Germany.

External trade in goods as a percentage of GDP, 1993 (calculated from months 1-6)

| | B/L | DK | D | GR | E | F | IRL | I | NL | P | UK | EUR 12 |
|---------|------|------|------|------|------|------|------|------|------|------|------|--------|
| - Intra | 78.8 | 26.0 | 18.3 | 25.3 | 16.8 | 20.9 | 67.0 | 15.8 | 55.1 | 35.5 | 20.3 | 23.2 |
| - Extra | 28.8 | 21.6 | 18.3 | 15.0 | 9.8 | 12.2 | 30.8 | 13.4 | 26.7 | 11.6 | 20.1 | 16.7 |

Intra-Community trade in goods as a percentage of Member States' total trade, 1984 and 1993 (1993 calculated from months 1-6)



The importance of intra-Community trade

The gradual elimination of frontiers as the single-market deadline of 1992 approached led to greater intensity of intra-Community trade. In 1984 intra-Community trade accounted for 50.6% of all Community trade, by 1993 its share had risen to 58.2%.

Portugal is now the Member State with the greatest commitment to the single market: 75.4% of its external trade is with the rest of the Community.

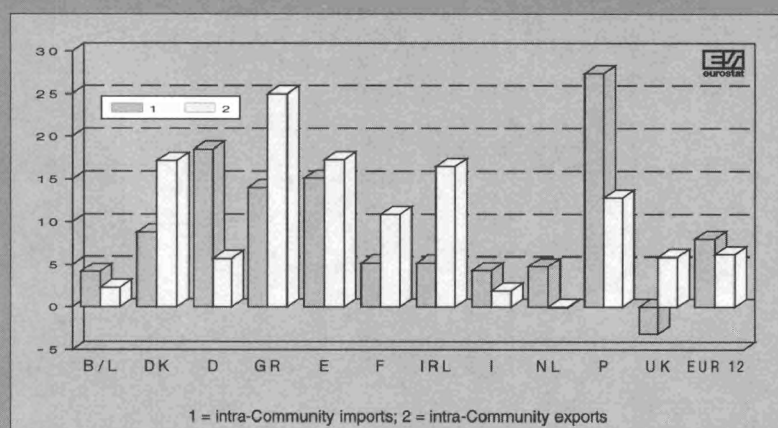
Spain's trade with the rest of the Community has also leaped, from 41.7% to 62.5%.

And intra-Community trade now accounts for more than half of all the external trade of Denmark and the United Kingdom.

Intra-Community trade in goods as a percentage of Member States' total trade, 1984 and 1993 (1993 calculated from months 1-6)

| | B/L | DK | D | GR | E | F | IRL | I | NL | P | UK | EUR 12 |
|------|------|------|------|------|------|------|------|------|------|------|------|--------|
| 1984 | 66.0 | 45.5 | 48.8 | 49.4 | 41.7 | 51.4 | 69.2 | 44.2 | 62.3 | 44.9 | 43.3 | 50.6 |
| 1993 | 73.2 | 54.6 | 50.0 | 62.8 | 63.2 | 63.1 | 68.5 | 54.1 | 67.3 | 75.4 | 50.3 | 58.2 |

Percentage growth of intra-Community trade in goods, 1990-92



Changes in intra-Community trade

Between 1990 and 1992, intra-Community trade for the entire Union grew by an average 8.0% (imports) and 6.2% (exports).

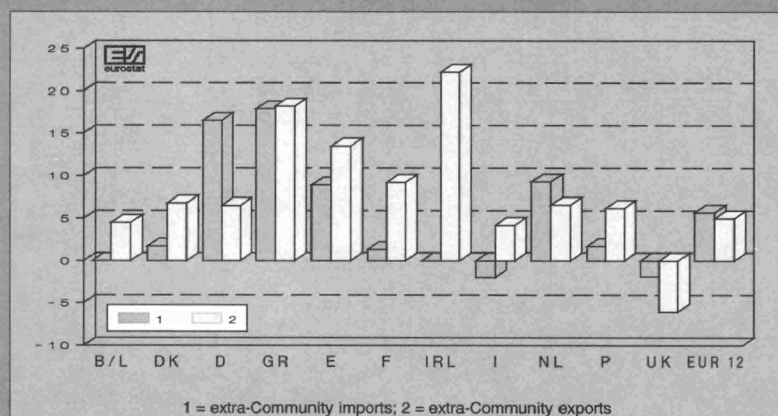
Portugal showed the fastest growth in imports (+27.4%) over the two years; the United Kingdom was the only Member State whose imports declined (-3.1%).

The fastest growth of intra-Community exports was recorded by Greece (+25%).

Percentage growth of intra-Community trade in goods, 1990-92

| | B/L | DK | D | GR | E | F | IRL | I | NL | P | UK | EUR 12 |
|---------|-----|------|------|------|------|------|------|-----|------|------|------|--------|
| Imports | 4.2 | 8.8 | 18.5 | 25.0 | 15.1 | 5.2 | 5.2 | 4.3 | 4.8 | 27.4 | -3.1 | 8.0 |
| Exports | 2.3 | 17.2 | 5.7 | 14.0 | 17.3 | 10.9 | 16.5 | 1.9 | -0.1 | 12.8 | 5.9 | 6.2 |

Percentage growth of extra-Community trade in goods, 1990-92



Changes in extra-Community trade

Between 1990 and 1992, extra-Community trade for the entire Union grew by an average 5.7% (imports) and 5.0% (exports).

The only Member State to record a decline in extra-Community trade during the period was the United Kingdom (-1.9% for imports and -6% for exports).

The level of extra-Community imports remained steady in Belgium and in Ireland, but Irish extra-Community exports increased by 22.2%.

Percentage growth of extra-Community trade in goods, 1990-92

| | B/L | DK | D | GR | E | F | IRL | I | NL | P | UK | EUR 12 |
|---------|-----|-----|------|------|------|-----|------|------|-----|-----|------|--------|
| Imports | 0.0 | 1.7 | 16.5 | 17.9 | 8.9 | 1.3 | 0.0 | -2.0 | 9.3 | 1.7 | -1.9 | 5.7 |
| Exports | 4.5 | 6.8 | 6.5 | 18.2 | 13.5 | 9.2 | 22.2 | 4.2 | 6.6 | 6.2 | -6.0 | 5.0 |

LEGISLATING TRANS-EUROPEAN NETWORKS

Between now and 1999 the Community budget must devote some ECU 3 billion to the installation of trans-European transport, energy and telecommunication networks. This financial contribution will serve primarily to stimulate the equipment required for the effective operation of the single market and to generate jobs. The fact is that some ECU 400 billion of direct investments will be needed, according to the European Commission. In its White Paper on growth, competitiveness and employment, presented last December, the Commission made it clear that these sums will have to be provided by the private sector and the authorities of the Member States. The White Paper also contains an initial list of projects of Community interest: high-speed trains, motorways, combined transport, gas and electricity networks, interconnections between national telecommunication networks and the development of telematics applications. To enable the EU to provide financial support for such projects, a 'European law' is needed — and in fact was submitted by the Commission to the Twelve on 2 March. Taking advantage of the new possibilities offered by the Maastricht Treaty, the projected legislation would set out the rules and criteria to be met when granting aid. The Treaty provides that the EU budget can be used to finance preliminary studies, guarantee loans and subsidize interest rates.

● Strengthening intra-EU cooperation

Each Member State of the European Union would be required to indicate to its partners and to the European Commission, before the end of this year, a contact point for each of the 20 or so sectors essential to the operation of the single market. This is one of the two main proposals presented by the Commission in a discussion paper on 16 February. The sectors in question range from technical harmonization to public procurement, and include customs, taxation and company law. The Commission has also proposed that before the end of the year it examine with the Twelve, sector by sector, the systems of administrative cooperation to be introduced or strengthened, in order to ensure the effective implementation of European legislation. In the Commission's view, cooperation between the various national civil services varies a good deal, depending on the sectors and countries in question. It feels that in the event of problems in the operation of the European single market, bilateral contacts between Member States are not enough; all 12 Member States should be in a position to find out what information was exchanged and solutions found. The EU Council, which took up the issue on 10 March, undertook to draw conclusions in June.

● A more integrated pharmaceutical market

Updating and codifying the 'European laws' that cover the pharmaceutical sector; harmonizing the labelling of medicinal products and the accompanying directions for use, in order to make it easier to provide information to doctors, chemists and consumers; and monitoring the effects on the single market of national measures regarding price controls and reimbursements — these are just some of the actions the European Commission outlined to the Twelve on 2 March, with the twofold aim of furthering the integration of the European market for medicinal products and improving the situation of the pharmaceutical industry. These measures should be in addition to the creation, in 1995, of a European pharmaceutical agency, the forthcoming adoption of a 'law' for the protection of biotechnological inventions, and European research efforts. The pharmaceutical industry employs nearly 500 000 people in the European Union; even so, the number of workers declined in 1993, for the first time in 20 years. Between 1960 and 1980 one new pharmaceutical product out of two in the world originated in the Community; however, between 1986 and 1990 it was not even one out of three.

● Answers to 300 questions

The databank INFO 92, which has informed Europeans on the single market and its laws, now offers a new service, 'Europe without frontiers'. If you have a telephone, a modem and a PC

you can obtain answers to 300 questions on the single market, classified under 15 headings, such as 'free movement of goods', 'taxation' and 'consumers'. To take out a subscription, write to Eurobases at the European Commission — Rue de la Loi 200, B-1049 Brussels. There is no registration fee but the cost of consulting the databank is ECU 10 per hour — plus the usual telephone charges.

○ BRIEFLY

The European Commission announced, on 7 March, that it had begun proceedings against Belgium, France, Greece, Italy and Portugal because these Member States ban women, but not men, from **night work**. Such a ban violates the principle of equality of treatment for men and women, established by a 'European law' and confirmed, in this very instance, by the European Court of Justice.

The European Commission will submit proposals aimed at **improving the safety of coaches and buses** before the end of this year. An announcement to this effect was made by the Commissioner for industrial affairs, Martin Bangeman, to the Twelve on 10 March. These proposals will cover seat belts, fire-resistant seats, vehicle stability and the ability of roofs to withstand crushing in the event of the vehicle overturning.

SINGLE MARKET: ACHIEVEMENTS AND DELAYS

As of 2 March some 95% of the 282 'European laws' needed to complete the single market had been adopted by the EU Council of Ministers. As for the transposition of these 'laws' into national laws, 85% of the necessary measures had been adopted, with a maximum of 94% in Denmark and a minimum of 80% in Greece. In some sectors — the free movement of capital, VAT and excise duties — the work of transposing EU legislation has been completed. In other sectors, such as government procurement, insurance, trade marks and company law, there are considerable delays. These differences can be noticed in the area concerned, as was pointed out by the European Commissioner for the internal market, Raniero Vanni d'Archirafi, during a conference organized by the Commission on 14 March, in order to assess the results of the single market with business and trade union representatives. Progress has been the fastest as regards the free movement of goods. According to a study carried out by 10 Euro-Info Centres in a number of Member States, businesses which got themselves ready for the single market have seen a sharp increase in their sales to other EU countries. Transport costs have come down, as have delivery times. However, the situation remains largely unchanged as regards government procurement. Commissioner Vanni d'Archirafi has asked European business to let the Commission know what is working and what is not, so that improvements can be undertaken without delay.

SEEN FROM ABROAD

► East Europeans view the EU favourably

The image East Europeans have of the European Union is generally a positive one: 40% of those polled last November and December in 11 countries of Central and Eastern Europe claimed their impressions of the Union were positive on balance. The poll was conducted on behalf of the European Commission's Eurobarometer public opinion surveys. However, this was a decline from the 47% recorded during a similar survey in 1992. Since then the proportion of 'neutral' impressions has risen from 27 to 29% and 'negative' ones from 5 to 9%. The Union's image is best in Albania, with 71% positive impressions, ahead of Lithuania and Romania (45%). The Slovenes are the most lukewarm — 30% were 'neutral' while 15% had 'negative' impressions. In the European regions of the Commonwealth of Independent States (CIS), the Union recorded 38% 'positive' impressions, as against 42% in 1992, with a maximum of 55% in Armenia and a minimum of 35% in European Russia. On the whole, the inhabitants of the former Communist countries of Europe look towards the European Union for their future (29%) rather than Russia (22%) or the United States (11%). The Union leads in most of these countries, with a record 60% in Albania and 46% in the Czech Republic.

◆ Community SME initiative gets green light

One of the 'Community initiatives' adopted by the European Commission for the period 1994 to 1999 (see p. 2) is aimed exclusively at small and medium-sized enterprises (SMEs), with a view to encouraging them to take advantage of the dynamics of the single market. It is a question of helping them overcome administrative and regulatory constraints, integrate innovation, gain access to sources of finance and the most modern management methods, and prepare an effective strategy.

Endowed with ECU 1 billion for the period 1994 to 1999, this initiative is aimed mainly at businesses located in the Union's most disadvantaged regions — those receiving regional, social and agricultural aid under Objective 1. These businesses are the least likely to benefit from the economy's new dimension. The SME initiative will set aside 80% of its fund for regions covered by Objective 1. However, it will also take an interest in other regions in as far as the progress to be made in the most disadvantaged regions implies cooperation and a sharing of experiences with the most developed regions of the Union. The cooperation networks to be set up under the new initiative will be able, therefore, to integrate businesses also located in the prosperous regions. Thanks to the SME initiative, the Community's Regional, Social and Agricultural Funds will co-finance various activities undertaken by the Twelve in support of SMEs:

— improvements to the system of production and organization, particularly the promotion of policies of quality;

— the use of advanced telecommunications services;

— the training and retraining of workers;

— the spread of better practices and exchanges of experience;

— the transfer of technologies, research and innovation; and

— better access to financial sources.

In order to obtain 'European' co-financing for a well-balanced set of measures, the Member States will have to present the European Commission with guidelines, operational programmes or requests for global subsidies, covering a set of projects. They will have four months in which to do so, from the date of publication in the *Official Journal of the European Communities*.

◆ Social economy: a statistical profile ...

In the search for a new development model for the European economy and society, the associative sector, also known as the 'social economy', has an important role to

play. Cooperatives, mutual benefit societies, associations and foundations represent a combination of certain traditional business functions and the social realizations which correspond to their specific objectives. Their statutes vary according to their spheres of activity and country; but even so, they enjoy a common identity. The European Commission believes they must be able to benefit from the single market in the same way as traditional businesses, and it would like to contribute to this end. But every action requires a precise knowledge of the sector ... and therefore reliable statistics.

Eurostat, the Union's statistical office, has recently published its first statistical profile of the cooperative, mutual and non-profit sector and its organizations in the European Union. Taking into account at this stage only enterprises affiliated to national organizations, in as far as they were able to participate in the surveys, these figures confirm the sector's importance. At the beginning of the 1990s, the total number of bodies in the associative sector was close to 269 000, of which 56% were associations, 39% cooperatives and 5% mutual benefit societies. The sector as a whole employed nearly 2.9 million people, 61% of them in cooperatives, 31% in associations and 8% in mutual benefit societies.

◆ ... and a work programme

The European Commission proposed to the Council of the European Union, on 16 February, the launch of a work programme in favour of cooperatives, mutual benefit societies, associations and foundations. The programme would have a budget of some ECU 5.6 million for the period 1994-96, and would have to be submitted to the European Parliament, and Economic and Social Committee for their opinion. The aim is to take advantage of the experience and capacity for taking initiatives of a sector that has a special talent for social innovation. To begin with, the programme will seek to strengthen certain ongoing activities: the completion of studies on the development of the social economy, the creation of a favourable environment, the assessment of the effects of various Community policies, and consultations with bodies and enterprises in this sector.

The programme will also support all opportunities for cross-border cooperation and help groupings of bodies in this sector to look for novel activities. It will also help publicize initiatives in the area of social innovation.

The work programme, which is set to play a catalytic role at the European level, will also undertake to strengthen activities in favour of the social economy carried out within the framework of other Community policies, such as improving statistics, supporting training and stimulating research.

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