



European social policy: What options for the Union?

■ by Pádraig Flynn, Member of the European Commission

European social policy is entering a critical phase. This is due to three main factors:

- the present social action programme is reaching its natural end. The Commission has presented all of the 47 proposals involved and, while some of the most important proposals are still pending before the Council, the majority have been adopted;
- the entry into force of the Treaty on European Union has opened up new possibilities for Community action in the social field, particularly by giving a stronger role to the social partners; and
- the changing socioeconomic situation, reflected notably in the serious levels of unemployment, is requiring a new look at the link between economic and social policies, both at national and Community level.

A frontier-free debate

The Commission considers that this situation calls for the launching of a wide-ranging debate about the future direction of social policy, before it proceeds to put forward specific proposals. Such is the purpose of the Green Paper. To prepare this document, the Commission issued a public appeal for comments; 150 contributions have been received, including official responses from Member States and from a wide range of bodies and individuals.

The debate, it is hoped, will take place between all interested parties, including the social partners as well as specific interest groups. The Commission will follow these discussions carefully and seek to draw from them the major themes of its proposals to come.

Of course, this process will be taking place at a moment when the attention of the Community is focused on the whole issue of how to reconcile economic and social objectives in the face of rising unemployment and growing concern about Europe's ability to remain competitive into the 21st century.

There is much debate in all the Member States about how to address the problem of unemployment, much of which is now recognized as being structural in character. The issues under discussion include the need for greater labour market adaptability, the suggestion that wage differentials should be widened and that wages should vary more in function of economic conditions, and questions about whether social benefits should be reduced or targeted so as to provide greater incentives to seek work. This is linked to the growing demand on social protection systems and the search for greater efficiency in the operation of these systems as a means of saving money.

No retreat for social progress

At the same time, there is a growing degree of public concern that, contrary to the objective of ensuring that economic and social progress should go hand in hand as clearly stated in both the Treaties of Rome and Maastricht, the net impact of the integration process could be a levelling down of social standards. This is reflected in the fear of social dumping, that is the gaining of unfair competitive advantage within the Community through unacceptably low social standards. But there is also a concern that, somehow, the imperative of action at European level can become a pretext for changes in social standards at national level.

The premise at the heart of this Green Paper is that the next phase in the development of European social policy cannot be based on the idea that social progress must go into retreat in order for economic competitiveness to recover. On the contrary, the Community is fully committed to ensuring that economic and social progress go hand in hand. In current conditions this will not be easy. But issues must be openly debated and a consensus arrived at.

Europe is at a turning point. Decisions taken in the coming period will set the direction of social policy for many years to come. Now is the time for all sections of opinion to make their views known.

1
JANUARY
1994

The text of this issue
was completed
on 7 December 1993.

■ A 'European' right to vote next June

Citizens of the European Union who are normally resident in a Member State which is not their own, will be able hereafter to vote or stand for European elections in their country of residence, if they so wish. EU ministers adopted on 6 December a directive ('European law') implementing the right to vote, laid down in principle in the Treaty of Maastricht. Under this directive those concerned will have to state officially that they will not vote or stand for election in two countries at the same time; those who try to do so will be sanctioned. Each of the Twelve must now adopt the necessary legislation so that Europeans who want to take advantage of their new rights can vote in the elections to the European Parliament next June. However, the Member States can impose a minimum residence requirement on non-nationals wanting to vote or stand for election. Currently some five million EU citizens live in a Member State other than their own.

■ Limiting working time

A working week limited to a maximum of 48 hours on average, including overtime; a minimum rest period of 11 consecutive hours per day and one day per week, with a break for every working day longer than six hours; four weeks' paid holiday per year and, finally, a limit on night work of eight hours on average — these are the guarantees embodied in a directive which EU ministers adopted definitively on 23 November, with a view to preventing abuses as regards working time. In practice, most workers in the European Union enjoy better protection than is embodied in the new directive; however, at present no Member State implements all its provisions. The directive will come into force in November 1996, although employers will not be required to give workers a fourth week of paid holidays until November 1999. Those working in the transport sector or at sea are not covered by the new directive; nor are doctors in training. The directive also provides for a number of derogations — seasonal work is among them — for which special rest periods are provided. The text stipulates that neither governments nor employers can make this new 'law' a pretext for cuts in existing national labour standards.

■ Increased supervision of banks

Government departments which have the task of supervising banks, insurance companies and stockbrokers in the EU countries will shortly have their supervisory powers strengthened. The aim is to prevent, as far as possible, scandals such as that involving the Bank of Credit and Commerce International (BCCI), with the heavy losses for their customers which they entail. On 22 November EU ministers adopted, pending the European Parliament's opinion, a directive designed to strengthen 'European laws' on financial institutions, whether in force or still under discussion. The directive contains four key measures which: (1) require the institutions in question to locate both their registered offices and company headquarters in the same Member State; (2) require them to give details of the group or group of companies of which they are a part; (3) give governments the possibility of doing more than at present as regards the exchange of information; and (4) require auditors to notify the authorities of any irregularities they come across.

■ A more open Europe

Secrecy is now the exception rather than the rule as regards the work of the Council of the European Union. The Council itself decided on 6 December to publish systematically information on how its members voted on 'European laws' — except in those cases in which a majority of governments were

AN ACTION PLAN AGAINST UNEMPLOYMENT

To 'substantially reduce', by the end of the century, the number of unemployed people in the European Union, which currently stands at 17 million: this is the main objective of the action plan adopted on 11 December by the Heads of State or Government of the Twelve, meeting in Brussels as the European Council. Starting from the European Commission's White Paper on growth, competitiveness and employment, presented by its President, Jacques Delors, the Twelve have decided to tackle unemployment at its roots. At the European level, the action plan will stimulate the introduction of trans-European communication networks in order to improve economic competitiveness and the operation of the single market. The plan will involve an annual expenditure, between 1994 and 1999, of ECU 20 billion (1 ECU = UK£ 0.76 or IRE 0.80), of which ECU 12 billion per year is already provided for, while the Twelve added ECU 8 billion to this amount on 11 December. The plan therefore can draw on sums already fixed: ECU 5 billion a year from the European budget and ECU 7 billion in the form of loans and guarantees from the European Investment Bank (EIB) and the new European Investment Fund. The European Council decided to add to this the possibility of mobilizing up to ECU 8 billion a year of loans, in order to guarantee the realization of essential projects in a number of areas: transport, energy, the environment and information and communication technologies. EU finance ministers will have to set the modalities of the scheme. The European Council also asked EU ministers to adopt, before 1 July 1994, the remaining guidelines for the European transport and energy networks. The Council also insisted on the need to foster the development of small and medium-sized enterprises (SMEs); it has asked the European Commission to evaluate the impact on employment of European and national regulations and EU ministers to adopt the scheme for improving interest rates for SMEs, as decided by the European Council in June 1993. The action plan must be implemented to a very large extent at the national, regional and local levels: according to the European Council, the Twelve should look to the White Paper for inspiration, in particular by improving education and vocational training, reducing statutory contributions in the case of less-skilled work, removing excessive rigidities and developing employment related to new social or environmental needs.

against such publicity. In the fields of foreign policy and defence, justice and the police ('home affairs') voting results will be published if the Twelve agree. In other cases publication will take place if a Member State so demands and a majority is not opposed to it. Explanations by ministers of their votes will be systematically published. Until October 1993, voting by Member States in the Council remained confidential, except when there were 'leaks'. Another move aimed at keeping citizens better informed on the activities of the European Union was the adoption by the Council and the European Commission, also on 6 December, of a code of conduct regarding public access to their documents. The code is based on the principle that the public will have the widest possible access to these documents. Some documents will remain confidential for reasons of public safety or monetary stability, for example. But the Council and the Commission will have to justify their refusal to make them available, and those seeking access to such documents will have a right of appeal.

■ At last — a Community trade mark!

After months of debate EU ministers reached agreement on 6 December on a regulation for a Community trade mark. As in the case of national schemes for the registration of trade marks, registration in one Member State will be valid for the European single market as a whole. The Community trade mark will be managed by the future internal market harmonization office. Agreement on the trade marks issue was made possible by a compromise among the Twelve on the question of the languages to be used in the harmonization office.

THE INSTITUTIONS OF THE EUROPEAN COMMUNITY (I)

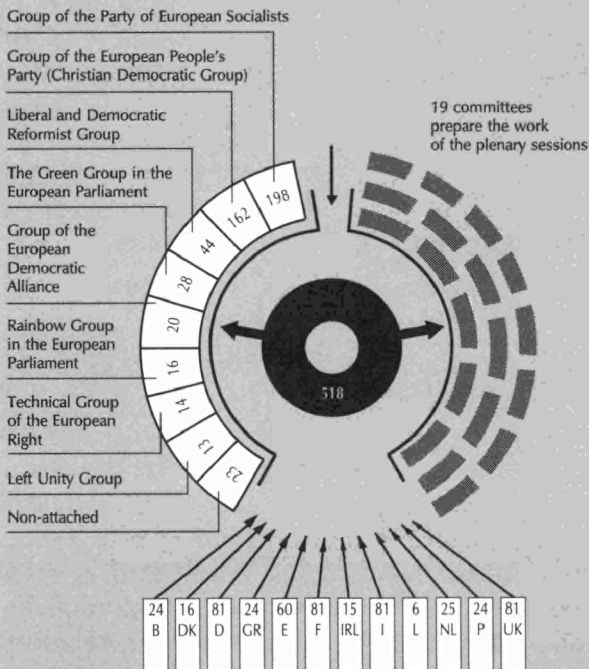
The European Community comprises 12 Member States, united in an effort to safeguard peace and promote economic and social progress. It began with the Coal and Steel Community (Treaty of Paris, 1951), which was soon joined by an Economic Community and an Atomic Energy Community (Treaties of Rome, 1957). Under the Single European Act (1986) the Com-

munity undertook to abolish its internal borders. The Treaty on European Union, signed in Maastricht in 1992 and incorporating selective opt-outs for Denmark and the United Kingdom, created a European Union combining a Community moving towards economic and monetary union with intergovernmental cooperation in certain areas.



EUROPEAN PARLIAMENT: 518 members
(567 members as of June 1994)

Parliament is presided over by a President assisted by 14 Vice-Presidents



Composition of the European Parliament Committees (situation on 7 December 1993)

1	Group of the Party of European Socialists	198 members
2	Group of the European People's Party (Christian Democratic Group)	162 members
3	Liberal and Democratic Reformist Group	44 members
4	The Green Group in the European Parliament	28 members
5	Group of the European Democratic Alliance	20 members
6	Rainbow Group in the European Parliament	16 members
7	Technical Group of the European Right	14 members
8	Left Unity Group	13 members
9	Non-attached	23 members

1. Committee on Foreign Affairs and Security	10. Committee on Transport and Tourism
2. Committee on Agriculture, Fisheries and Rural Development	11. Committee on the Environment, Public Health and Consumer Protection
3. Committee on Budgets	12. Committee on Culture, Youth, Education and the Media
4. Committee on Economic and Monetary Affairs and Industrial Policy	13. Committee on Development and Cooperation
5. Committee on Energy, Research and Technology	14. Committee on Civil Liberties and Internal Affairs
6. Committee on External Economic Relations	15. Committee on Budgetary Control
7. Committee on Legal Affairs and Citizens' Rights	16. Committee on Institutional Affairs
8. Committee on Social Affairs, Employment and the Working Environment	17. Committee on the Rules of Procedure, the Verification of Credentials and Immunities
9. Committee on Regional Policy, Regional Planning and Relations with Regional and Local Authorities	18. Committee on Women's Rights
	19. Committee on Petitions

The Community is managed by common institutions: a democratically elected Parliament, a Council representing the Member States and composed of government ministers or, more rarely, Heads of State or Government, a Commission which acts as guardian of the Treaties and has the power to initiate and implement legislation, a Court of Justice which ensures that Community law is observed and a Court of Auditors which monitors financial management of the Community. In addition, there are a number of advisory bodies which represent economic, social and regional interests. As part of the preparations for enlargement, the Member States have decided to review the Community's operational procedures in 1996.

The European Parliament

Elected by direct universal suffrage since 1979, the European Parliament will comprise 567 Members as from the June 1994 elections: Germany will elect 99 Members, France, Italy and the United Kingdom 87 each, Spain 64, the Netherlands 31, Belgium, Greece and Portugal 25 each, Denmark 16, Ireland 15 and Luxembourg 6. Parliament has its seat in Strasbourg although committee meetings and some part-sessions are held in Brussels. Its Secretariat is based in Luxembourg (3 500 officials plus the staff of political groups).

The European Parliament is composed of political groups organized at Community level. Representing 347 million people, Parliament's main role is as a political driving force, generating various initiatives for the development of Community policies. It is also a supervisory body with the power to dismiss the Commission by a two-thirds' majority. Parliament votes on the Commission's programme and monitors day-to-day management of Community policies, especially by oral and written questions to the Commission and the Council. More than 3 500 written questions were tabled in 1992. Parliament can set up committees of inquiry and it also examines petitions addressed to it by Community citizens. The Treaty on European Union gives it the right to appoint an ombudsman to deal with complaints concerning instances of maladministration in the activities of the Community institutions or bodies.

Furthermore, the Treaty on European Union provides for Parliament's involvement in the appointment of the Commission. Together the Council and Parliament form the budgetary authority with Parliament playing an important

role in adoption of the Community budget, which exceeded ECU 59 billion in 1992.

On 'compulsory' expenditure — mainly on agriculture — the Council has the final word. On 'non-compulsory' expenditure — around 44% of total expenditure in 1992 — Parliament has the final say. At the end of the budget procedure, Parliament may adopt or reject the budget which must be signed by the President; it subsequently monitors implementation.

Under the Treaties of Rome Community legislation is formulated by a three-way process: the Commission proposes and the Council decides after consulting Parliament.

The 1986 Single European Act increased Parliament's powers with regard to Community legislation by introducing a cooperation procedure which called for two readings of Community proposals by Parliament and the Council with the active participation of the Commission. The 1992 Treaty on European Union takes a further step towards recognition of the legislative powers of Parliament. It introduces a new co-decision procedure in a number of important areas which gives Parliament, in conjunction with the Council, the power to adopt regulations and directives on an equal footing.

This procedure applies to the single market, research and the new areas covered by the Treaty on European Union, namely trans-European networks, consumer protection, education, culture and health. By contrast, Parliament only has a consultative role in relation to agricultural prices.

Finally, for certain decisions of major importance (international agreements, accessions of new members, etc.), the Council can act only with Parliament's assent.

The European Council

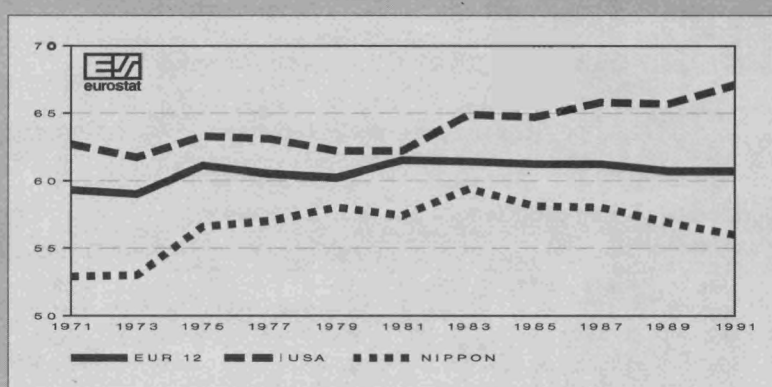
Established in 1974, the European Council is made up of the Heads of Government (or in France's case, the Head of State) and the President of the Commission assisted by the Foreign Ministers and a Member of the Commission. The European Council, which meets twice a year in theory, acts as a guide and a driving force. The Treaty on European Union gives it certain operational responsibilities in relation to foreign and security policy and economic and monetary union.¹

¹ The second part of this article will appear in a subsequent issue.

Household consumption

Trend of consumption per capita as a percentage of GDP, in the Community, in the United States and in Japan

Weight of consumption in GDP



The percentage of GDP devoted to consumption by Europeans has remained relatively stable since 1971. In the United States, it has risen since 1981 but in Japan it has declined since 1981 after increasing over the period 1971-81.

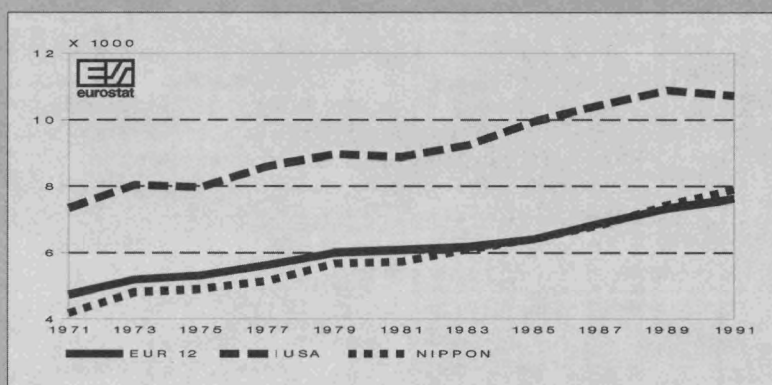
In 1991, the only Member States of the Community in which the ratio of consumption per capita to GDP was lower than in Japan were Denmark and Ireland. The level of this indicator is highest in Greece, where consumption represented nearly 70% of GDP in 1991.

Consumption per capita, as a percentage of GDP

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12	USA	NIPPON
1980	62.9	55.4	62.0	64.6	65.9	58.6	65.8	60.8	58.7	60.6	66.9	58.8	60.7	63.1	58.1
1991	62.7	51.8	59.3	70.3	62.5	60.1	55.8	61.9	57.3	59.4	63.0	61.9	60.7	67.1	56.0

Trend of the level of consumption per capita in the Community, the United States and Japan, in 1985 PPS

Levels of consumption



Over the period under review (1971-91), consumption per capita rose by 61% in the Community, by 46% in the United States and by 90% in Japan. Since 1989, the level of consumption in Japan has been higher than the level recorded in the Community. It should also be noted that the level of consumption in the United States is 40% higher than that of the Community.

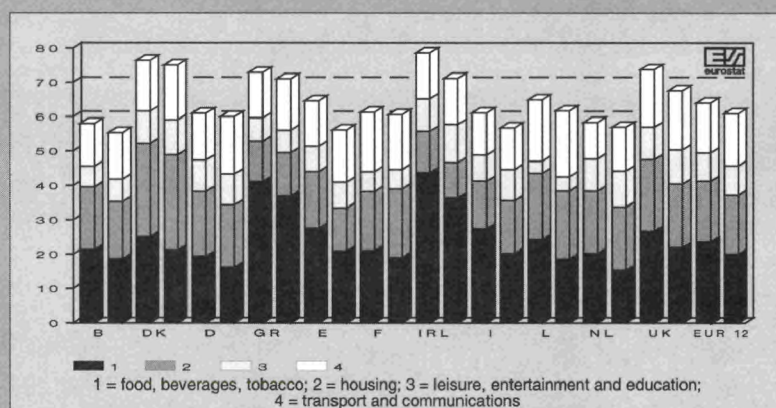
Among the Member States, the most substantial rise over the period 1980-91 was recorded in Portugal.

In 1991, the lowest level of consumption per capita was in Greece, at 3 873 PPS, and fell far short of the Community average.

Levels of consumption per capita, in 1985 PPS

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12	USA	NIPPON
1980	6 994	5 788	7 466	3 202	4 729	6 714	3 928	6 071	6 920	6 587	3 610	5 595	6 074	8 829	5 680
1991	8 332	6 679	8 997	3 873	5 994	8 218	4 564	8 066	9 023	7 470	4 924	7 443	7 622	10 712	7 899

Structure of household consumption, by consumption function, as a percentage of total consumption, in 1980 and 1991 (IRL and EUR 12: 1980 and 1990)



Consumption by Europeans

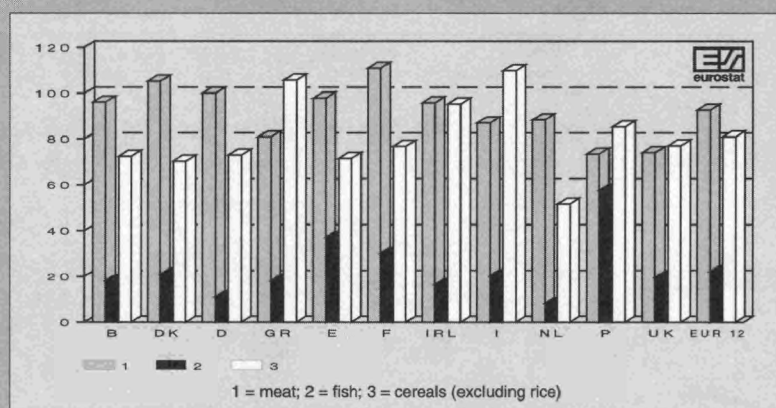
In 1991, on average, food products accounted for 20% of the household consumption of Europeans, compared with 23.6% in 1982. This downward tendency was observed in every Member State. The proportion of household consumption spent on food products is highest, at almost 37%, in Greece and Ireland (which are among the Community countries with the lowest GDPs per capita). In Germany, the ratio is 16.2%. Consumption under the heading of 'leisure, entertainment and education', is rising in every Member State apart from Germany, Greece and France, albeit only marginally in the last-mentioned country.

In Denmark, housing accounted for 27.7% of household consumption in 1991, compared with a Community average of 17.2%.

The consumption function, as a percentage of total consumption, in 1991 (IRL, EUR 12: 1990)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1	18.6	21.2	16.2	37.0	20.9	19.0	36.4	20.2	18.6	15.4		21.9	20.0
2	16.7	27.7	18.2	12.5	12.6	20.0	10.3	15.4	19.8	18.4		18.6	17.2
3	6.6	10.2	9.0	5.7	6.6	7.5	11.1	9.1	4.2	10.5		9.9	8.6
4	13.5	16.0	16.6	14.9	15.2	15.9	13.4	12.1	19.1	12.7		17.2	15.1

Household consumption of certain food products, in 1990 (in kg per capita)



A few consumption figures

The statistics of consumption by product reveal a very striking lack of uniformity in food consumption patterns in the various European countries.

On average, Europeans consume nearly 93 kg of meat, with a maximum of 111 kg in France and a minimum of 73 kg in Portugal.

On the other hand, Portugal is notable for its per capita consumption of fish, which works out at 58 kg, almost three times the Community average (with a minimum of 8 kg in the Netherlands). Italians are at the top of the cereal consumption table, with 110 kg, followed by the Greeks (106 kg), compared with a Community average of 81 kg.

Household consumption of food products, in 1990 (in kg per capita)

	B	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR 12
1	96.2	105.3	100.1	80.8	97.9	111.0	95.9	87.0	88.4	73.5	74.1	92.8
2	18.1	20.9	11.1	18.2	37.1	30.1	16.5	20.3	8.0	57.7	19.6	22.1
3	72.4	70.3	73.0	105.8	71.5	76.8	95.4	109.9	51.6	85.3	77.1	80.9

PPS (purchasing power standard): since exchange rates do not necessarily reflect the purchasing power of a currency in the national territory, Eurostat uses the PPS to eliminate general price differences between countries in order to improve the comparability of figures.

■ Preventing mix-ups between standards

What is the point of adopting European technical standards if the Twelve can continue to introduce differing national standards? With a view to preventing such mix-ups a 1983 Community directive requires each of the Twelve to (1) notify both its partners and the European Commission whenever it plans to introduce new technical rules of its own and (2) wait for a certain length of time before implementing them. On 11 November EU ministers decided to make the system more efficient, by extending it to types of technical rules not yet covered by it: provisions which refer one to occupational codes, 'voluntary' agreements to which governments are parties and technical specifications linked to fiscal measures which effect the consumption of products. Euro-MPs have yet to look at these changes to the 1983 directive, which should come into force on 1 July 1995.

□ To protect those looking for holiday accommodation on a timeshare basis from unscrupulous promoters, EU ministers adopted on 19 November a directive which could come into force in just over two years' time. The 'law' stipulates that the contract and description of the property in question will be drawn up in a language familiar to the buyer, who will have 10 days in which to go back on his decision, without having to justify it. The directive now awaits examination by the European Parliament.

□ Consumers will soon have a good idea of the materials used in footwear and similar articles. EU ministers adopted on 11 November a directive which requires such articles to carry descriptive labels containing either conventional symbols or text. The new 'law' which now goes to the European Parliament, will ensure the free movement of footwear in the single market.

□ EU ministers adopted on 11 November a directive setting out the safety requirements for appliances, including protective equipment, used underground in mines as well as for equipment exposed to the risk of explosions.

□ On 3 December EU ministers reached agreement on exhaust emission standards for vehicles, which all new models will have to meet as from 1 January 1996. The corresponding date for existing models is 1 January 1997. The text now goes to the European Parliament for examination.

INITIATIVES

● Free movement of services

In the 12-nation European Union, the services sector of the economy accounts for 60% of jobs and 65% of gross domestic product (GDP). Its share in trade among the Twelve does not exceed 18%, however. It is against this rather disappointing background that the European Commission adopted on 6 December a paper designed to inform the public on the current situation regarding Community rules for the free movement of services. The paper explains the interpretation given by the Community Court of Justice of the rules contained in the EEC Treaty. The main thing is that companies and self-employed persons based in one Member State must be able to offer their services in a neighbouring Member State, without benefit of a local office. In order to limit this freedom, governments must prove that such limits are justified in the national interest, on the one hand and, on the other, the need to have recourse to a ban. These principles apply as much to tourist guides as to employment agencies, for example.

● VAT: Yes to 1993 and here's to 1997!

Some 61% of the companies in the European Union which trade in other member countries are satisfied with the border-free VAT system in force since 1 January 1993, according to a survey carried out by the consultancy firm of Deloitte & Touche and published on 24 November. What the firms polled appreciate most in the present system is the elimination of VAT payments at the border (63%), the less frequent recourse to intermediaries (52%) and quicker transport (44%). However, 75% of firms would like to switch over to the definitive system, set for 1997, when VAT on operations between the

Twelve will be settled as within the same country. As for adapting to the present system, the task has proved easier for small and medium-sized businesses than for large ones. In all, 58% of companies claim to have received the help they needed from their governments. Even so, the proportion of satisfied companies was especially high in countries with a special department for VAT, the Netherlands in particular.

○ Germany and France together submitted 'convergence' programmes to the Council of the European Union on 22 November. The aim is to enable them to meet the economic criteria set under the Treaty of Maastricht for the move to a single currency. The two programmes cover the period 1994 to 1997. The other EU countries, with the exception of Luxembourg, have already launched similar programmes.

○ The European Commission proposed to the Twelve on 24 November two measures required for the elimination of identity checks at the EU's internal frontiers. The first is a new convention on the crossing of the Union's external frontiers; it has been blocked since 1991 because of the dispute over Gibraltar. The second measure is in fact a regulation setting out the list of countries whose nationals need a visa to enter the Union. Both proposals require unanimity.

○ EU Member States can require the use of their official language, or languages, as regards the information which must appear on the packaging of foodstuffs sold to the public. But they cannot ban the use of other Community languages. This was made clear by the European Commission in a communication published on 11 November. A study by the European Consumers' Organization (BEUC) published on 2 December has revealed that Europeans do not always find reliable information in their own language on packages of consumer goods.

FIRM SUPPORT FOR EUROPEAN VOTING RIGHTS

Some 71% of European Union citizens approve the principle of the right to vote in the elections to the European Parliament in one's country of residence (see page 2), according to a Eurobarometer poll conducted in October and November and published on 7 December. In all member countries there is a majority in favour, with a minimum of 60% in Greece and a maximum of 83% in the Netherlands. However, the project for a single European currency in 1999 is supported by just 51%, with 38% against. In three countries those opposed to the project are in a majority: Denmark, Germany and the United Kingdom.

SEEN FROM ABROAD

► Finns now against membership

For the first time since Finland's government asked on 18 March to join the European Community, a majority of Finns are against membership. A poll published on 1 December found 41% against membership and 36% for it; only the previous month the corresponding figures had been 38 and 41. The Finnish government is currently engaged in entry negotiations, along with the governments of Austria, Norway and Sweden.

▷ In a report submitted on 2 December, the Swiss federal government announced that it wants to relaunch the country's bid to join the European Union or the European Economic Area. The EEA, which brings together the Twelve and Austria, Finland, Iceland, Liechtenstein, Norway and Sweden, was rejected by the Swiss people in a referendum in December 1992.

▷ During a meeting with the leaders of the European Union in Brussels on 1 December, the Israeli prime minister, Yitzhak Rabin, declared that his country wants to deepen its relations with the EU. Israel would like better access to the single market for its products.

◆ A Council meeting devoted to SMEs

Small and medium-sized enterprises (SMEs) are increasingly at the centre of the European Union's policy concerns. The EU's Belgian presidency in fact organized a special meeting devoted to SMEs on 11 November. During the debate, which was both open to the public and televised, the Twelve adopted unanimously a long resolution on strengthening the competitiveness of SMEs and the craft industries. In this resolution the Twelve stress the importance of a global approach as regards the policy drawn up in favour of SMEs. They take the view that it is necessary to strengthen cooperation among all the parties concerned by the development of SMEs at the Community, national and regional levels. In this connection the Council invites the European Commission to encourage, on the basis of an analysis of existing national policies, the sharing of experiences as regards support for the creation and development of new enterprises, and this in two areas: (1) the training of managing directors and their managers and (2) the relationship between those who set up SMEs and those who provide them with the necessary capital. The Twelve also ask the Commission to consult more systematically bodies representing SMEs and craft industries at the European level, on all EU projects likely to have an impact on firms. What is more, such consultations should start when projects are at the preparatory stage. In the framework of the multiannual Community action programme, adopted by the Council on 14 June 1993, the Twelve ask the Commission to act on two fronts: on the one hand to accelerate the spread of information on the opportunities awaiting SMEs and the possibilities for cooperation in subcontracting and, on the other hand, take the measures likely to strengthen SME participation in the area of government procurement and in the fourth framework programme for research and technological development, which is in the process of being adopted. The Council also invites the Commission to prepare a new method of evaluating costs and benefits of proposals for 'European laws', on the basis of information which is regularly updated, particularly from the viewpoint of simplifying administrative matters. Last but not least, the Council has asked the Commission to examine quickly the feasibility of a programme of Community initiatives for financing projects in the sector of SMEs and craft industries. This move amounts to strong support for the efforts made by the Twelve to increase the competitiveness of SMEs.

◆ An analysis of financing problems

Too many SMEs are facing financing problems, which have a tendency to worsen. These problems are due

more to an absence of managerial and financial skills than to an actual shortage of available funds, according to a paper adopted by the European Commission. There exists, in addition, a clear need to develop the offer of financial guarantees to cover their borrowings. Most SMEs are small and largely dependent on banks for their finance. One could easily improve their results by offering them integrated training and consultancy services, in order to improve their managerial methods and their relations with their lenders. For the 5 to 10% of highly innovative SMEs, who are important for the Community's economic development, it is necessary to stimulate the creation and expansion of seed, risk and development capital. This will enable such SMEs to make long-term investments, particularly in areas of advanced technology.

◆ REGIE: A European network for EEIGs

The European Economic Interest Grouping (EEIG) is the only legal instrument at Community level which offers a framework adapted to cross-border cooperation between companies. But recourse to this instrument remains infrequent. Given this situation, the European Commission has decided to give a fresh impetus to the EEIG, with a view notably to encouraging the Europeanization of SMEs. It wants to stimulate SMEs to share their experiences and make better use of EEIGs.

This project, called REGIE, is aimed at providing information which is detailed and can be put to immediate use by firms that wish to expand their activities in cooperation with partners in other European Union countries. REGIE aims to help SMEs benefit from practical experience of EEIGs, give them an opportunity to strengthen existing European Groupings and help them define their cooperation projects more clearly. One could, for example, improve competition through more information on the cooperation already being undertaken through EEIGs.

The plan is to begin by setting up a databank, to be regularly updated, which provides a clear picture of the situation as regards EEIGs. In time, this databank would be built around the BC-Net and the Business Cooperation Centre Networks, which are the customary channels for promoting cross-border cooperation. Once the information-gathering phase had been carried out, a colloquium would be held, with the participation of the EEIGs already set up. This would enable all those interested in cross-border cooperation, but who had never had an opportunity of meeting each other at the Community level, of doing so.

The contents of this publication do not necessarily reflect the official views of the institutions of the Community.
Reproduction authorized with reference to the source.

Commission of the European Communities
Directorate-General 'Information, Communication, Culture and Audiovisual' and Directorate-General for Enterprise Policy,
Distributive Trades, Tourism and Cooperatives, Rue de la Loi 200 — B-1049 Brussels



OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES

L-2985 Luxembourg

Catalogue number: CC-AI-94-001-EN-C