frontier-free EUROPE

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The White Paper — or reasons for hope and action

■ by Jacques Delors, President of the European Commission [1]

Europe is suffering from a malaise. Our economies are not sufficiently competitive, such that there is insufficient economic growth. There is a poor relationship between growth and job creation, as compared to the results obtained by other industrial societies.

But there is no reason to despair. Between 1985 and 1991, under the stimulus of the single market programme, we proved to ourselves that we can rediscover the roads to growth, investment and employment. Some 9 million jobs were created during this period, as compared to the 2.5 million we lost between 1980 and 1984. But the rest of the world has changed more rapidly than we have; there have been rapid advances in technology, while our economies have left the path of convergence which fostered growth.

Taking advantage of our assets

However we enjoy comparative advantages: a good financial system, adequate savings, an excellent human inheritance. It is up to us to multiply our assets, by means of greater effectiveness in our employment system, in support of an investment effort (beginning with large infrastructure networks), and a mastery of technical progress, in the areas which count — biotechnology and, in particular, the emergence of an information society. In all such matters the White Paper has become the action plan sought by the European Council. The plan's implementation is under way, with the aim of putting an end to the unemployment related to the current economic situation, thanks to economic recovery, and combating technological unemployment, through the creation of fresh needs, in this society in which information will become the raw material and the most sought-after commodity.

There remains structural unemployment, due to the inability of our employment systems to respond quickly. I have in mind the totality represented by education and training, social security, the organization of work and the operation of the labour market, the internal business market as well as the external market, where the demand for labour should combine more effectively with its supply.

From this point of view, which concerns all European countries, it is a question of increasing internal flexibility by means of more effective management of the human resources of enterprises. This would prevent a good many redundancies and therefore a waste of human abilities. But it is also a question of external flexibility, a more supple and decentralized operation of the labour market — or rather markets — as well as greater geographical and occupational mobility. This implies a thorough overhaul of employment policies. Employment offices must make it their top priority to offer all who call on them a job or, failing this, an activity which allows the person in question to remain in the running, and in the case of a young person fresh from school, to make contact with professional life. In this way, the possibilities for permanent training are available to everyone, in order that they may acquire the knowledge and skills needed to find employment and, having done so, remain in employment, through personal adjustments and retraining.

Keeping our European model of society

The road leading to full employment will be long and full of pitfalls. According to our forecasts, and making the best use of our assets, we can only hope to reduce the unemployment rate by half between now and the end of the century: from 12 to 6% of the working population. But, if we succeed, everyone will regain confidence and hope.

Broadly speaking, success depends on the efforts to increase investment and research, to share productivity gains in favour of investment, job creation and a sharp reduction in social security contributions from those in low-paid jobs, and also on our ability to imagine and finance fresh needs, which will call for new occupations and create new jobs.

We can and must do it, keeping in mind our young people and the difficulty of financing our social security systems, threatened by unemployment and population changes. What is at stake is nothing less than the future of our European model of society.

[1] From a talk given at the 'Youth Industry' conference, held in Paris on 16 March 1994.

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MAY 1994

The text of this issue was completed on 19 April 1994.

DECISIONS

■ Cars: stricter anti-pollution standards

New models of cars sold after 1 January 1996 will have to meet anti-pollution standards requiring a 50% reduction in exhaust emission levels. These standards, contained in a Directive ('European law') adopted by the EU Council of Ministers on 22 March, will apply to all newly registered vehicles after 1 January 1997. The Directive will raise European standards to the level set by the US federal government. This law also sets out the terms under which EU Member States can adopt fiscal stimulants to encourage the purchase of 'clean' cars which meet European standards ahead of time. Finally, it includes guidelines for the year 2000, which envisage a fresh reduction in pollution levels, as a result of action covering both engines and fuels.

AGREEMENT ON FOUR NEW MEMBERS

The negotiations for the entry of Austria, Finland, Norway and Sweden into the European Union ended on 30 March 1994. After 14 months of occasionally very difficult discussions, the Twelve and the Four reached agreement on membership terms. Before such membership can become a reality, the European Parliament must give its opinion, expected for early May, the 12 national parliaments must give their approval and, most inportant of all, the citizens of the four applicant countries must vote 'Yes' in the referendums being organized by their governments. The expected date of entry for the Four is 1 January 1995.

■ Standards cannot be made a pretext

Companies which agree among themselves to keep out their competitors, on the pretext of securing compliance with standards and regulations, are in violation of European competition rules. This was the view taken by the European Commission on 13 April, after its initial examination of the agreement between the Dutch association for the rental of mobile cranes (FNK) and the association for the certification of cranes (SCK). These two associations, which have a largely overlapping membership, cover roughly 75% of the Dutch market. The agreement in question bans participants from renting cranes to firms which are not members of the 'club' and can affect both the Dutch market and the markets of neighbouring countries. The FNK and SCK claim that their action thus guarantees users that a series of standards and regulations are being met. But as nearly all these measures are part of Dutch law, the European Commission is of the view that this guarantee does not justify the restrictions on competition, and cannot therefore be granted exemption under European rules.

■ A new map of German regional aid

The German Federal and State (*Länder*) Governments can now grant regional aid until the end of 1996 to areas which together account for 22% of the West German population, as against 30.3% in 1991-93 and 48.3% before 1988. The European Commission gave its approval of 29 March to the new aid plan for West Germany, which takes into account the level of prosperity of the regions in question in relation to the average for the Twelve. For Germany as a whole, the areas receiving aid currently account for 37.6% of the population, as against 44.2% in the years from 1991 to 1993. The lion's share of the aid goes to the eastern part of the country.

□ BRIEFLY

Information regarding the materials used in the manufacture of **shoes, boots, sandals and slippers** will be presented in a harmonized manner throughout the European Union. The EU Council adopted on 21 March a Directive establishing a labelling system which gives consumers precise information in the form of standardized symbols or text. Meeting these requirements will ensure the free movement of the products in question.

The 12-nation European Union has concluded an agreement on **access to its market for bananas** from Colombia, Costa Rica, Nicaragua and Venezuela. The agreement, announced by the European Commission on 29 March, increases the quantities which can be imported at relatively low tariffs. It brings to an end a dispute between the EU and these countries, which had questioned the EU's import policy for their bananas.

EU Fisheries Ministers reached an agreement on 12 April under which **Spain and Portugal will be definitively included in the common fisheries policy** from 1 January 1996. At present, these two countries are still subject to a transitional arrangement. The solution which has been adopted ensures that they will not be treated less favourably than the new members — Finland, Norway and Sweden.

The European Commission decided on 24 March to set up a **European assembly for science and technology**, a move set out in the White Paper on growth, competitiveness and employment. It will be made up of some 100 eminent scientists and industrialists, and will have the task of helping the Commission devise and implement European research programmes. It will play a role similar to that of the National Research Council in the United States and the Japan Research Council.

The agreement between the European Union and United States on the reciprocal protection of the **appellations of certain alcoholic drinks**, such as cognac and bourbon (see issue No 4-94) was signed on 29 March. It will come into force 60 days from this date at the latest.

INITIATIVES

● Guidelines for European transport

Some 58 000 km of roads, 23 000 km of railway lines for use by trains running at speeds of 200 km/h and more, 12 000 km of canals and 250 airports, together with ports and equipment for combined transport, are covered by the European Commission's proposal for modernizing, completing and, above all, integrating Europe's transport infrastructure. The Commission submitted to the Twelve on 29 March guidelines for helping raise the ECU 400 billion (ECU 1 = UK 0.77 or IR 0.80) that will have to be invested over the next 15 years. The most urgent measures, to be taken between now and the year 2000, will require some ECU 20 billion. The completion of the trans-European transport network is one of the main activities envisaged in the White Paper on growth, competitiveness and employment, which the Commission presented last December.

● Preparations for a single currency

Will the various national currencies be replaced overnight by the European ecu once definitive exchange rates have been fixed? Or will the two types of currencies be used side by side? How will the European currency be introduced, and how long will its introduction take, once the necessary political decision has been made? The Maastricht Treaty, which provides for European economic and monetary union in 1997 or 1999, is silent on these matters. It will be up to a group of independent experts, which the Commission decided on 7 April to set up, to provide the answers. The group will have to make an inventory of the practical problems to be solved, propose technical solutions to them and see to it that users — both companies and individuals — are kept fully informed, in the light of their specific needs. The group will have to submit its report before 31 October. But is this too soon, given that only one of the 12 EU countries actually meets the economic criteria laid down in the Treaty for taking part in monetary union? Not in the Commission's view; it believes the deadline to be a reasonable one. The United Kingdom, after all, spent 10 years preparing for the transition to a decimal currency, which took place in 1971 — not as far-reaching a move as the adoption of a single European currency.

COMMUNITY COMPETITION POLICY AND SMALL AND MEDIUM-SIZED COMPANIES

III. State aids policy [1]

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

One of the main objectives of the Community's competition policy is to create and maintain a level playing-field for all companies operating in the European market. As a consequence, Article 92 of the Treaty of Rome lays down the principle that State aid which distorts or threatens to distort competition and affects trade between Member States is illegal. This is not, however, a blanket prohibition on all State aids. The function of the rules is to give the Commission the authority to vet State aids, approving those which are beneficial, whilst prohibiting those that have negative effects.

The control of State aids remains one of the central pillars of competition policy today. Companies hit by the recession or which face increasing competition as a result of the creation of the European single market programme may turn to their government for help. Governments, in turn, may attempt to support their 'national champions' against foreign rivals. Aid granted in such circumstances, which tends to be defensive in nature, can result in serious distortions of competition. The whole point of the single market is to enable companies to compete on equal terms on the markets of all Member States and to benefit from the potential economies of scale offered by a large, unified market-place. State aid prevents this from happening. Through its control of State aids, the Commission ensures that a private sector company in one Member State can compete fairly with a State-owned enterprise in another. The level playing-field established by the Commission also guarantees that small companies can compete on equal terms with their larger rivals.

The unrestricted use of State subsidies leads to a fall in the competitiveness of Community industry and, ultimately, to job losses. Furthermore, if one country starts to finance its loss-making industries, other governments may feel forced to follow suit. Thus, companies in countries without adequate resources to provide State aids or which are unwilling to grant such assistance can be forced into liquidation.

For these reasons, therefore, the Treaty takes a strict line on State aids. Article 92 lays down that, except in certain circumstances which it specifies, 'any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the common market'.

What is State aid?

There is no fixed definition of 'State aids', and the Commission is more concerned with the substance of the aid and its impact than with its form. The most common form of State aids are grants, soft loans, guarantees and tax breaks. Prohibited State aids include all measures that distort competition by virtue of the fact that they give a financial advantage to certain companies or certain forms of production and not to others.

What are the exceptions to the rule that State aids are, in principle, illegal?

Certain aids are not defensive in nature. They are granted to achieve legitimate objectives, which are in the interest of the Community as a whole. The following categories give an indication of the types of aid that may be approved by the Commission:

- aids to promote regional development;
- aids to support research and development;
- aids to help towards environmental protection;
- aids to assist small and medium-sized companies;
- aids to promote training;
- aids for job creation programmes for the unemployed;
- a final category of acceptable aids concerns those granted to assist companies facing a particularly difficult market situation, such as structural overcapacity. Such aids are accepted only in exceptional circumstances as part of a wider plan to reduce the

[1] Parts I and II of this article were published in Nos 10-93 and 3-94 of **Frontier-free Europe**.

overcapacity. They are generally viewed favourably by the Commission as they help sectors to restructure, and to adapt to today's rapidly changing business environment. These aids are characterized by their one-off nature: the assumption is that once they have been granted, the recipient will be able to compete in the market-place without further financial assistance.

Clearly, the terms and conditions under which these types of aid are granted are strictly controlled by the Commission.

Must all aid measures be notified, irrespective of the amount?

The Treaty of Rome entrusts the Commission with a central role in controlling State aids. It is a neutral referee between the often conflicting interests of the various Member States. However, the Commission need only control those aids that affect trade between Member States. Aids whose effects are limited to a single country do not require to be dealt with at Community level.

To facilitate a decision as to whether or not an aid is likely to distort trade, the Commission has adopted a rule on *de minimis* which provides that assistance of not more than ECU 50 000 to any one firm over a three-year period is not considered to be aid within the meaning of Article 92, and need not be notified to the Commission.

Any other aid that falls under Article 92 (1) must be notified to the Commission in good time to let the Commission assess its compatibility with the common market. Normally Member States notify their aid projects in the form of schemes — general proposals specifying a maximum level of aid and its purpose or objective. The Commission then decides on the overall compatibility of the scheme. Once approved, the Member State in question will then be free to decide on the detailed implementation of the scheme. Only in exceptional, particularly important cases, does the Commission decide on individual grants of aid to a specific company. Such individual aids may be examined by the Commission either in the context of a more general scheme, or as a one-off grant.

Guidelines for aid granted to SMEs

In 1992, the Commission published guidelines [1] designed to provide governments and firms with guidance on the way it will apply the State aid rules to support for SMEs. These guidelines are part of a broader effort of the Commission to improve the transparency of its policy and the predictability of its decisions.

There are a number of reasons to explain why the Commission generally takes a favourable view on aid programmes for SMEs. They have a good track record on innovation, thereby helping the competitive situation of European industry as a whole. They are often more flexible than larger companies. Much of the growth and new job creation in the recent past and in the future is centred on the SME sector.

For the purpose of the control of State aids, the Commission has defined an SME as an enterprise which:

- has no more than 250 employees;
- has either an annual turnover not exceeding ECU 20 million or a balance-sheet total not exceeding ECU 10 million;
- is not more than 25%-owned by one or more companies not falling within this definition, except public investment corporations, venture capital companies or, provided no control is exercised, institutional investors.

Where a distinction has to be made between 'small' and 'medium-sized' enterprises, the ceilings for the former in terms of workforce, turnover and balance-sheet total are reduced respectively to 50 employees, ECU 5 million and ECU 2 million.

The Commission will approve certain types of aid to companies falling within these thresholds where it is necessary for them to overcome the handicaps resulting from their small size. These handicaps are: (i) access to finance, and (ii) access to specialist assistance such as technical management and marketing advice. Therefore the Commission allows:

- aid for investment by SMEs located outside national assisted areas up to a gross intensity of 7.5% of the investment cost. This threshold may be raised to 15% in the case of small enterprises;
- aid for investment by SMEs in sectors and areas defined in Article 92 (3)(c) up to 10 percentage points gross above the rate allowed in the region, subject to an overall ceiling of 30% net intensity;
- aid for investment by SMEs in areas defined in Article 92 (3)(a) up to 15 percentage points gross above the rate allowed in the region, subject to an overall ceiling of 75% net intensity;
- aid for consultancy help, training and dissemination of knowledge up to 50% gross intensity.

Where these conditions are met, the Commission will accept aid to SMEs without further qualification.

Dealing with the Commission

The Commission examines both notifications and complaints. Complaints may come directly from companies, or via Member State governments or trade associations. Such complaints are welcomed, as are enquiries of a more general nature from SMEs. Jonathan Faull (Tel.: (32-2) 295 86 58) or Anne Houtman (Tel.: (32-2) 295 96 28) of the Commission's Directorate-General for Competition will be happy to answer any questions. Their fax number is (32-2) 295 01 28.

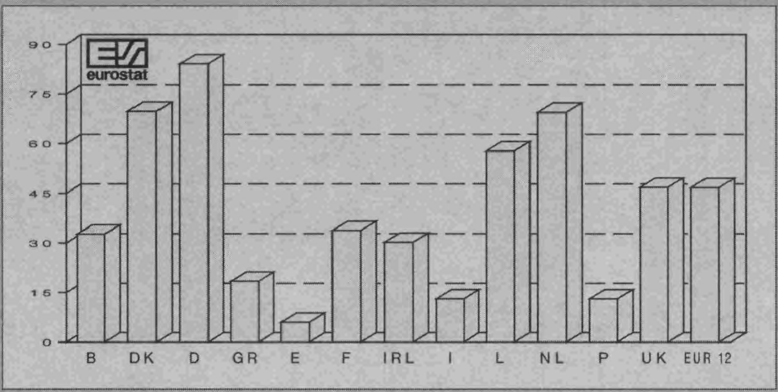
[1] 'Community guidelines on State aid for small and medium-sized enterprises (SMEs)' (OJ C 213, 19.8.1992, p. 2).

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

The environment in the European Union

Unleaded petrol is gaining ground

Percentage of unleaded petrol in domestic supplies of motor fuel, 1992



European drivers are rapidly switching to 'green' petrol: in 1992, 46.7% of the petrol supplied was unleaded, compared with 40.5% in 1991.

There are, however, wide differences between northern and southern Europe.

In Germany, 84.1% of the petrol used is unleaded; in Denmark and the Netherlands, the figures are 69.7% and 69.4% respectively.

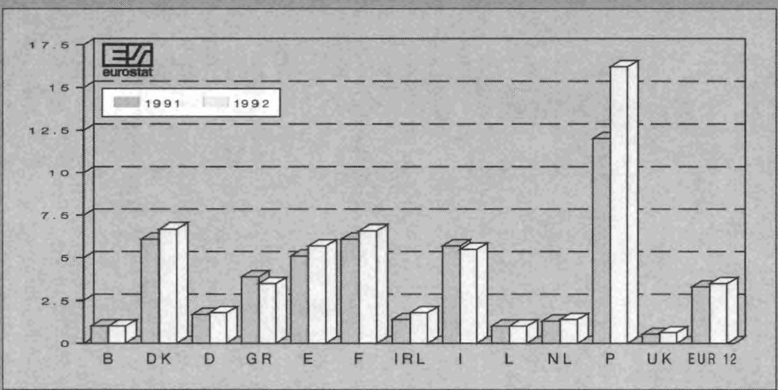
In southern Europe, supplies of unleaded petrol as a percentage of total motor fuel are 6.1% in Spain, 13.1% in Portugal and Italy, and 17.5% in Greece.

Percentage of unleaded petrol in domestic supplies of motor fuel

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1992	32.7	69.7	84.1	17.5	6.1	33.8	30.2	13.1	57.8	69.4	13.1	46.8	46.7

Scale of 'green' energy

Consumption of renewable energy as a percentage of total gross domestic energy consumption, 1991 and 1992



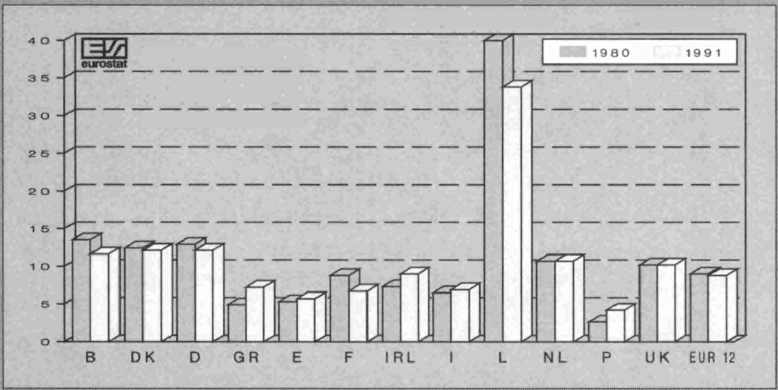
The consumption of renewable energy (solar, geothermal, wind, water and biomass energy) was nearly 3.5% of total primary energy consumption in the European Union in 1992, compared with 3.3% in 1991.

On account of its high consumption of biomass energy, Portugal was able to meet 16.2% of its energy consumption with renewable sources of energy in 1992, the highest rate in the European Union.

Denmark (the main producer of wind energy in the European Union) and France (with water energy) were also above the Community average with high levels of consumption of renewable sources of energy.

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1991	1.0	6.1	1.7	3.9	5.1	6.1	1.4	5.7	1.0	1.3	12.0	0.5	3.3
1992	1.0	6.7	1.8	3.5	5.7	6.6	1.8	5.5	1.0	1.4	16.2	0.6	3.5

Carbon dioxide emissions from fossil fuels (CO_2 tonnes per capita), 1980 and 1991



Carbon dioxide emissions

There was a slight fall in per capita carbon dioxide emissions in the European Union between 1980 and 1991.

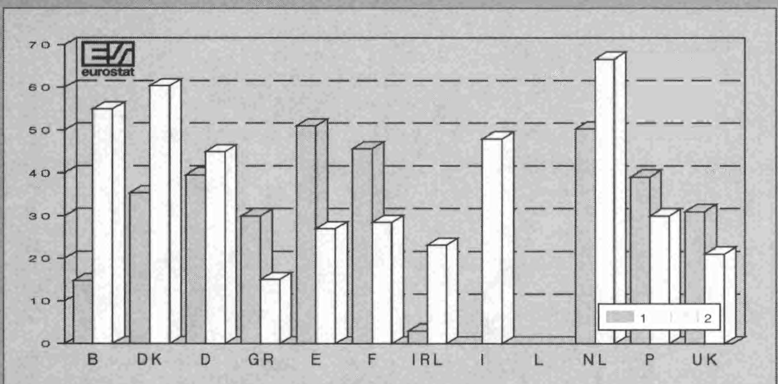
Five countries saw their emissions increase (the sharpest increases being in Greece, Ireland and Portugal, although the latter was still well below the Community average).

Despite a sharp decrease, Luxembourg is still clearly above the Community average (mainly on account of the high level of steel production).

Carbon dioxide emissions from fossil fuels (CO_2 tonnes per capita)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR 12
1980	13.5	12.4	12.9	4.9	5.3	8.8	7.3	6.5	40.0	10.7	2.6	10.2	9.0
1991	11.6	12.1	12.1	7.2	5.7	6.7	9	6.9	33.8	10.7	4.2	10.2	8.8

Recycling activity and recovery rates, 1990 (%)



1 = paper and board; 2= glass

Recycling efforts

Recycling rates for waste materials vary widely, depending on the Member State and the materials involved.

As regards paper and board, it is the Spain (51.0%) and the Netherlands which have the highest recycling rate (50.3%), whilst Ireland has the lowest (3%).

It is also the Netherlands which has the highest recycling rate for glass (66.7%), well ahead of Greece (15%).

Recycling activity, 1990 (%)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Paper and board	14.7	35.4	39.6	30.0	51.0	45.7	3.0	:	:	50.3	39.1	31.0
Glass	55.0	60.4	45.0	15.0	27.0	28.5	23.0	48.0	:	66.7	30.0	21.0

CREATING JOBS IN THE AUDIOVISUAL SECTOR

The audiovisual industry, which currently provides 1.8 million jobs in the European Union, can create another two million by the end of the century, if Europeans hold on to their market share, according to a group of 'wise men' who reported to the European Commission in March. But how is this potential to be realized, in an industry in crisis and for which 'the single market has operated only in favour of American movies', in the words of the Commission Member responsible for audiovisual media, João de Deus Pinheiro? In the European Commission's view, a special effort is needed when it comes to the cinema and television programme industry for two reasons. Firstly, films and television programmes are not typical consumer products, given their cultural character; secondly, programmes account for more than half the audiovisual market. In a Green Paper presented on 7 April, the Commission has proposed certain 'strategic options for strengthening the programme industry' in order to stimulate discussion among all Europeans concerned. It is a question of knowing: (1) how to make the rules of the game more effective in the audiovisual sector; (2) the principles on which the programme industry is to be supported, and (3) the extent to which national policies for helping the industry are to be brought into line with each other. The Green Paper marks the first attempt to apply, in a given sector, the suggestions contained in the White Paper on growth, competitiveness and employment presented by the Commission last December.

● First annual report on the single market

The European Commission published on 17 March its first annual report on the operation of the single market. The report refers to the gains made during 1993 in the 'four freedoms' and the obstacles which remain, and describes the situation in the various areas of activity. As regards the freedom of movement of people, checks by customs have been abolished but not on passports, while the mutual recognition of diplomas and professional qualifications still poses problems. As for goods, the elimination of border checks seems to be an accepted fact, but fears of arms and drug trafficking are creating difficulties, even for harmless products. The free movement of services is coming along rather well, especially in the transport field, but insurance and investment services still await the entry into force of the last European laws. Finally, the free movement of capital has become a reality; however, differences between the Twelve over the taxation of investments is perpetuating distortions. The main problem areas are payment systems, public procurement, intellectual property, company law and energy.

● A full programme for Karolus

A slow start-up for a very full programme is the impression left by the first annual report on the Karolus programme, which is designed to allow, over a five-year period, some 1 900 national civil servants to work in an EU country other than their own for about two months. Karolus is aimed at those civil servants who have the task of ensuring compliance at the national level with the rules of the single market. During its first year — 1993 — it attracted no more than 105 candidates from 10 countries. The 10 priority areas which were proposed ranged from public procurement to road transport and insurance. For 1994 the Commission and the Twelve have added another 10 areas; they correspond to actual needs and include, in particular, consumer protection and the transfer of waste. Each Member State has a coordinator, who is looking after exchanges under the Karolus programme. Further information can be had from Ms N. Leman, at the European Commission in Brussels (Tel.: (32-2) 295 74 56) or Ms A. van der Klugt, at the European Institute for Public Administration in Maastricht (Tel.: (31-43) 29 63 17).

● For border-free high-speed trains

When a train crosses a national frontier within the European Union, both locomotive and driver must be changed. Meanwhile, the cost per seat on the French high-speed train has been put at ECU 32 000, and at ECU 52 000 on the future high-speed train running between Paris, Brussels, Cologne and Amsterdam. This train, in the absence of any changes, will use four types of electric current, one for each country. In order to create a genuine European rail network, the European Commission proposed to the Twelve on 15 April a Directive aimed at putting into service a border-free high-speed train. The Directive lays down the key requirements, from the viewpoint of technical compatibility and safety, for rolling stock and fixed equipment. It thus offers a framework within which European standardization agencies could draw up the necessary technical standards.

● Consulting workers

In order to improve consultations with workers in companies which have a European dimension, and the information given them by their employers, the European Commission proposed on 13 April a Directive to the 11 countries that have signed the Maastricht agreement on social policy, i.e. the Twelve less the United Kingdom. The talks on the same subject between European employers and trade unions having collapsed on 31 March, the Commission favours recourse to a 'law'. The proposed European formula would be the creation of a European committee, in the event of the two sides failing to reach agreement on some mechanism or other: it would be limited to companies or groups with at least 1 000 employees and a minimum of two establishments in different EU countries. The system proposed by the Commission would only apply in the case of a written demand from at least 100 workers in a minimum of two countries, and would not affect information and consultation mechanisms already in place.

○ BRIEFLY

In order to **reduce the number of accidents at the workplace**, the European Commission proposed to the Twelve on 24 March improvements to the Directive which deals with professional equipment. The Commission wants to strengthen existing safety standards, introduce a regular inspection system for equipment and encourage greater care in its use. Industrial accidents kill some 8 000 people each year in the European Union.

Following five years of implementation, the European Commission proposed to the EU Council of Ministers on 16 March **to clarify the Directive on environmental impact studies**, in order to prevent differing interpretations by the Twelve. It is a question of defining more clearly the types of projects requiring environmental impact studies, indicating the exact nature of the information to be supplied by the contractors and, finally, improving relations between neighbouring countries as regards projects with cross-border implications.

The **Danish Government** presented the EU Council of Ministers on 21 March with a convergence programme. Its aim is to enable Denmark to reach in 1996 the economic criteria laid down in the Maastricht Treaty for joining the European monetary union, even though Copenhagen has secured the right not to adopt the single currency. Nearly all EU countries have already adopted similar economic programmes.

Three of the five largest companies active in Europe in the sector of records and cassettes are European. More than 50% of the records and cassettes sold in Western Europe have been produced by European musicians. These statistics have been taken from the **first report on the European recorded music sector**, published in English on 29 March by the International Federation of the Phonographic Industry. IFPI is seeking measures against pirates, who account for 4% of the West European market for compact discs.

On 15 April the European Commission launched a pilot project aimed at getting companies and bodies involved in **vocational training to cooperate with each other in 10 regions of the European Union**: Copenhagen, Lower Saxony, Western Greece, Valencia (Spain), the Loire region, Liguria, Dublin, Dutch Limburg, central Portugal and East Anglia. The project will make it possible to share experiences. It will run for a year and receive ECU 1 million from the EU budget.

SEEN FROM ABROAD

► Budapest and Warsaw seek EU membership

The Hungarian Government officially applied for membership to the European Union on 1 April. It is the ninth membership application since the Community was last enlarged in 1986, and the first to be made by a country from the former Eastern bloc. On 8 April another former Communist country, Poland, also applied for membership. The two new applicants are already linked to the European Union through Association Agreements, the so-called Europe Agreements, and receive EU aid in the framework of the PHARE aid programme for Central and Eastern Europe.

Europartenariat Poland 1994: the catalogue is now available

The 10th Europartenariat will take place at Gdansk (Poland) on 9 and 10 June. These two days of meetings between businessmen will enable 401 Polish companies to contact, directly and personally, hundreds of SMEs from 47 European and Mediterranean countries. These 401 companies, whose offers of cooperation appear in the 'Europartenariat Poland 1994' catalogue, belong to the following economic sectors: precision engineering, textiles, clothing, the building industry, the chemical and pharmaceutical industries, metal processing, transport, paper, printing, wood, electronics, optics, electricity, trade service, research, technical services and the agro-food industry. The Polish companies were selected from around the country for their dynamism and desire to develop relations beyond their own frontiers. They are looking for partners with whom they can enter into cooperation agreements in the commercial, technical and financial fields.

The catalogue is available in French, English, German, Spanish and Italian. It can be obtained from Europartenariat consultants in each Member State. It has also been distributed to networks such as the Euro-Info Centres, BC-Net (Business Cooperation Network), Business Cooperation Centres (BCC), the Innovation and Enterprise Centres and Chambers of Commerce. For further information, contact: Europartenariat Poland 1994, Permanent Secretariat, Economic Chamber of Gdansk, Dlugi TARG 39/40, PL-80830 Gdansk Tel.: (48-58) 31 86 86, Fax: (48-58) 31 02 16; European Commission, DG XXIII, Europartenariat, rue de la Loi 200 (AN80), B-1049 Brussels, Fax: (32-2) 295 17 40.

Second European conference on craft industries and small enterprises

Roughly one-third of the 16 million businesses in the European Union belong to the sector of craft industries or can be assimilated to them. Although their environment is being changed by the single market, the European Economic Area, economic reforms in Central and Eastern Europe and the globalization of markets, they are not always aware of how to take advantage of such developments. If European society wishes to meet the challenges of growth, competitiveness and employment, it must ensure that craft industries and small businesses enjoy the best possible conditions for the exercise of their activities.

The first European conference on craft industries, held in Avignon (France) in October 1990, drew attention to the main needs of the smallest businesses. In Berlin, on 26 and 27 September, the second European conference will make it possible to match hopes and reality. On the theme of 'Craft industries and small enterprises — the key to growth, employment and innovation', the Berlin conference will provide an occasion to spell out the expectations of businessmen and fix the priorities of the Community programme in their favour in the years ahead. To this end, the European Commission has decided to support 12 preparatory colloquia in the Member States. Their conclusions will be taken up at the Berlin conference.

Tourism: a report on Community actions

The tourist industry accounts for some 5.5% of gross national product (GNP) on average in the 12-nation European Union — and for even twice as much in the case of Spain and France. Tourism is also a privileged instrument for bringing together citizens and cultures of different regions of Europe. A recent report by the European Commission provides a complete overview of the wide range of activities carried out in the framework of Community policies, programmes and measures which have an impact on tourism. To give just one example, in the regional policy framework the EU's financial support for tourism stood at ECU 2.3 billion for the period 1989-93. To this amount must be added the indirect contribution to the development of tourism, represented by Community aid in support of activities aimed at opening up the regions. In addition, projects covering tourist activity have benefited from the financial backing granted through such Community initiatives as Leader (rural development), Envireg (improving the environment) and REGIS (integration of overseas regions).

Community backing for the tourist industry is not limited to financial aid. European legislation adopted in the framework of the single market for the elimination of physical, technical and fiscal frontiers, or to protect the environment, also has an impact on those engaged in the tourist industry as well as on the tourists themselves.

The report on Community actions which affect tourism (COM(94) 74 final) can be obtained from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

Company law: raising the thresholds which define small and medium-sized companies

On 21 March the Council of the European Union raised by 25% the thresholds (expressed in ecus) which define the companies that benefit from derogations and flexibility in financial reporting. These thresholds have to do with the total amount of the balance sheet, on the one hand, and turnover, on the other.

The aim of this adjustment, which is not binding on Member States, is to prevent a fall in the number of companies likely to take advantage of these derogations because of inflation.

Provision for thresholds to be revised every five years is explicitly contained in the Directive dealing with company law, which sets out harmonized rules for all limited liability companies as regards their annual accounts — preparation, control and the publicity given to such accounts. The Directive gives Member States the possibility of exempting companies of limited economic importance. Companies enjoying such derogations (small and medium-sized companies) are defined in terms of a number of criteria, including the size of the balance sheet, net turnover and number of employees. These same criteria are also used in the seventh company law Directive to define the small groups which can be exempted from the need to draw up consolidated accounts.

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