



## Opportunities for investment in the Mediterranean region

by Manuel Marín, Vice-President of the European Commission

There is a shared vision with Mediterranean partners that achieving rapid and durable growth requires the development of more open and competitive economies. The private sector should be at the heart of the new relationship between the European Union and its Mediterranean partners.<sup>1</sup>

### Towards a free trade area

The partnership breaks new ground because it involves citizens and those in charge of shaping economic and social policy.

The European Union has signed or is in the process of negotiating nine new association agreements with its Mediterranean partners. Through them, the EU and its partners commit themselves to the progressive creation of a free trade area over a period of 12 years. In addition, the EU and its partners agree to work together on the harmonization of other market legislation, such as competition law and standards, as well as on harmonizing customs procedures.

The macroeconomic stability, open competition and regulatory transparency that European companies have taken for granted since the introduction of the single market will soon be on offer on the other side of the Mediterranean. Thus ongoing economic, regulatory and legislative reforms will completely transform the way the EU and the Mediterranean region do business together.

### Official finance and private investors

In the five years from 1995 to 1999, almost ECU 4.7 billion will be provided in grants to our partners. Moreover, ECU 2.3 billion will be made available over three years in the form of advantageous loans from the European Investment Bank (EIB).

Government initiatives from Mediterranean partners will remain of central importance: governments must provide a secure and stable environment for the business community. But governments and official finance are only part of the story. What about the capital investment needed to support economic transition? What about the USD 3 billion per year that the Middle East and North Africa region need for infrastructure? What about the capital needs of private companies striving to become efficient in ever more competitive markets? This is the question upon which the whole venture depends: who will invest in the Euro-Mediterranean partnership?

Donor funding is not the answer, nor is domestic public funding. Multilateral financial institutions such as the EIB are only a small part of the answer. The logic is as inevitable as it is obvious. We know that the success of the Euro-Mediterranean partnership depends upon economic transition in the Mediterranean region. We know that economic transition depends partly upon capital flows. And we know that this capital will be and must be largely private. Therefore the Euro-Mediterranean partnership relies to a very great extent upon the private investor.

Obviously the Mediterranean partners will do whatever it takes to attract foreign investment. Much has been achieved already. Most Mediterranean partner countries now have stable currencies and prices. Most have active privatization programmes. Most are making impressive efforts to improve the regulatory environment for business. Most have begun substantial reform of the financial sector. And, more importantly, Mediterranean countries can, through the regional dialogue initiated within the Euro-Mediterranean partnership, share their experience with other Mediterranean countries, with the European Union and with East European countries.

Managers, bankers, agents, trade and investment promoters, the Euro-Mediterranean partnership belongs to you and depends upon you all.

<sup>1</sup> Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey and West Bank and Gaza Strip.

## ■ Investor compensation

From the autumn of 1998, investors in the European Union will receive a guaranteed minimum amount of compensation if a failed bank or investment firm is unable to refund money or securities belonging to them. A directive adopted by the Council of the European Union on 17 February requires Member States to ensure that at least 90% of each investor's claims are met through an investor compensation scheme. Member States may set a ceiling on the level of compensation but this ceiling must be at least ECU 20 000. The ceiling can be set at ECU 15 000 until 31 December 1999 in countries where it is currently lower than ECU 20 000. Each Member State is free to decide the structure of the scheme and how it is financed. The directive does not of course provide compensation for losses incurred as a result of an investor's assets losing market value. As a general rule, the directive requires the supervisory authorities of the investment firm's home country to be responsible for investor compensation arrangements even when firms are established or offer services in other Member States, or 'host countries'. Firms established in a host country can join local schemes where the latter offer a higher level of compensation to investors than their home country scheme. But they cannot provide a level of compensation higher than that available in the host country although this provision will be reviewed before the end of 1999.

## ■ Deficits and inflation: statistical clarification

After a first set in January, the EU statistical office (Eurostat) has taken another series of decisions concerning national accounting operations to facilitate comparability when evaluating the deficit and debt level of Member States. This evaluation will serve as the basis for deciding next year which of the 15 will join the euro, the single currency, when it is created in 1999. In response to requests from Member States, Eurostat decided on 21 February a new classification of debts which took effect on 1 March. Thus, the debts of public sector companies which are guaranteed by the State should, under certain conditions, be considered as part of a country's public debt. In another step to enhance the comparability of national statistics involving the Maastricht 'convergence criteria', Eurostat has introduced a standard measure of inflation for all Member States. On 7 March it published the first harmonized set of inflation figures for the 15 EU countries plus two other members of the European Economic Area (EEA), Norway and Iceland. EU Members can continue to use their own national consumer price indices for purely domestic purposes.

## ■ A European system for telecommunications licences

From 1 January 1998, the deadline for the full liberalization of the telecommunications sector, EU countries must apply a common set of rules for issuing authorizations and licences to firms offering new telecommunications services. These rules are set out in a directive formally adopted by the Council of the European Union on 6 March. They apply both

to telecommunications services and to the use of the network infrastructure. The conditions attached to the issue of authorizations by EU governments must be transparent, proportionate and non-discriminatory. In addition, a company seeking to operate in several Member States can obtain a global authorization through a one-stop shop procedure. Existing authorizations granted to companies can remain in force until 1 January 1999, but any provisions deemed harmful to other firms must be eliminated.

## ■ Court ruling on transfer of businesses

The European Court of Justice provided important guidance on workers' right to protection in cases of transfer of businesses or parts of businesses in an opinion delivered on 11 March. It ruled that a 'transfer of business' occurred when a company's assets were transferred or when the majority of its staff were transferred. The court had been asked to clarify the situation under the directive on the transfer of businesses and workers' rights in a case involving a cleaning lady, Mrs Ayse Süzen, and her former employer, the firm of Zehnacker of Bonn in Germany. When it lost a college cleaning contract, Zehnacker fired the eight workers who were previously employed to carry out this contract, including Mrs Süzen. When the college awarded the cleaning contract to another firm, Lefarth, Mrs Süzen took her case to the Bonn Labour Tribunal to establish that her working rights should continue. The fact that Lefarth had hired six of the eight workers concerned when it took over the college contract will have an important bearing on Mrs Süzen's case in the light of the European Court's ruling. The case now goes back to the Bonn Labour Tribunal for a decision.

## ■ VAT for travel agents and vets

When a tour operator in one EU country sells a package holiday to a client in another Member State through his agent there, he has to pay value added tax (VAT) in that country. The only condition is that the local agent who is acting on the tour operator's behalf has the technical resources and staff to qualify as a fixed establishment. This was the ruling handed down by the European Court of Justice on 20 February in a case involving the Danish tour operator DFDS A/S and the British VAT administration. The dispute centred on the question of where VAT should be paid on services supplied by the British affiliate of DFDS. In Denmark, services of this kind are exempt from VAT — as allowed under the sixth VAT directive — but this is not the case in the UK.

In another ruling on VAT, the Court decided on 6 March that the place of taxation of a veterinary surgeon is his registered office or other fixed establishment, or failing that his domicile or regular place of residence. The court was asked to give its ruling in a dispute between a firm of Dutch vets and the VAT authorities in the city of Roermond in the south of the Netherlands. The Dutch vets had tried to avoid paying VAT on services to fatstock breeders in neighbouring Belgium.

## ■ The competent tribunal for verbal contracts

The tribunal which is competent to deal with disputes arising out of verbal contracts in international trade is the one mentioned in the pre-printed letterheads and invoices sent

## THE EUROPEAN UNION AND SPORT

Sport is one of the most widely practised human activities. Whether it be for money or pleasure, regularly or occasionally, millions of people in the European Union take part in various forms of sporting activity. Some practise individual pursuits such as fishing, running and cycling. Others prefer team games whether they be football, rugby or basketball.

Sport can improve an individual's physical well-being. It helps to develop a range of personal skills useful in daily life, like stamina and teamwork. Sport brings a lot of people into organizations and associations where they are actively involved in cultural networks and exercise democratic responsibility. It bridges national and cultural divides, helps the social integration of the disabled and brings people together as players and spectators alike. In short, it is an excellent way to promote international understanding — a goal strongly supported by the European Union.

But professional sport is also a serious economic business. Millions of ecus and thousands of jobs are at stake. Financial interest is not just focused on the result on the football pitch or in the sports stadium itself, but also in broadcasting rights, product endorsement and scores of other downstream activities.

The European Union has no intention of meddling in different sports just for the sake of it. It neither wants to duplicate what is already being done, nor try to do what can be better accomplished at national and regional levels. But it can use its influence to bring together people involved in sport to exchange ideas and promote best practice. It can encourage specific activities like sports for people with disabilities. It can also ensure that where sport is a genuine economic activity, EU rules are fully implemented. In short, a vast swathe of EU activity directly impinges on the sporting world.

**European Union support for sport.** The European Union's involvement in sport is no new endeavour. It goes back several years and continues to expand. Out of a total of 24 separate European Commission departments, 20 deal on a regular basis with policies which have a direct interest for the sporting world. These activities range from the free movement of people to sports funding and taxation.

The Union's competition rules, for instance, can have a direct bearing on television broadcasting rights. Union legislation on advertising has implications for the financing of sporting events. The creation of a single European insurance market opens up the possibility of buying insurance policies against sporting injuries from companies established in other Member States.

As the Union fights to bring down unemployment, the sports sector is one area where new jobs could be created and where the EU can use its support for infrastructure investments, new technology and education and exchange programmes to good effect. Job opportunities now exist for experts in new sports, in the growth in sport-related clinics, sanatoria and new spa businesses and in the growing interest shown by people seeking to stay healthy as they grow older. The sporting goods sector, whether it be clothing, equipment or toys, is a good example of the close relationship which now exists between the industry and the Union.

The sector employs around 40 000 people in the 15 Member States and manufacturers must keep abreast of EU moves to

harmonize standards, protect intellectual property rights and enforce competition policy. Their activities will also be affected by the volume of sporting goods the Union allows to be imported from various developing countries and by legislation on aspects of design and manufacturing norms, misleading advertising and user instructions.

The Commission's main interest in sport is in constructing an active and permanent dialogue with all those involved on issues of common interest. Information flows in both directions. The Union needs to be aware of the concerns and opinions of the sports world when preparing new EU rules, while sports authorities must be well-informed on Union developments which will affect their activities.

Since 1991, a key meeting place for this dialogue has been the annual European Sports Forum ensuring better coordination between the world of sport and the Commission. It brings together people involved in sport from national ministries and non-governmental organizations as well as officials from international and European federations. Typical themes discussed are: health and safety issues, educational funds, the sports sector as a job creator and whether a specific article on sport should be included in the revised Maastricht Treaty.

These multilateral contacts are reinforced with bilateral meetings between the Commission and European and national sports organizations. The practice has grown up of holding biannual meetings of European sports directors to consider how to improve cooperation even further.

The European Parliament also plays a key role in providing a bridge between sport and the Union. The main responsibility for fostering these contacts lies with the Parliament's Committee on Culture, Youth, Education and the Media. But since 1992, a cross-party Intergroup of MEPs has met regularly to examine the implications of developments in the Union on sport.

A key player in the extensive two-way information flow is a special help desk in the Commission: Sport Info Europe. It can help people both inside and outside the institution find the information they need from the Commission's various departments and acts as a useful channel to funnel data and ideas to policymakers. It can be contacted on: tel. (32-2) 296 92 58 and fax (32-2) 295 77 47.

The Union's aim is 'sport for all'. In 1996 it had a budget of ECU 3.5 million to meet this challenge. It had devoted special attention to two specific programmes.

Eurathlon was launched by the Commission in 1995 with the clear remit of providing a framework for EU subsidies to different sports. Its overall objective is to use sport as a vehicle for better understanding between people and in so doing to break down social barriers and promote health education. Many of the schemes have a specific purpose such as tackling unemployment, racism and violence or promoting equality of opportunity between men and women. Others develop training programmes for managers and sportspeople and encourage sport exchanges.

In its first year the programme had an ECU 700 000 budget and backed over 80 projects selected by independent juries in a score of sports. In 1996 it supported 175 projects covering 50 different sports ranging from athletics and roller skating to fencing, volleyball, rowing and parachuting. The single

most popular sport represented was football. The projects all involved individuals, sportsmen or administrators from at least three EU countries.

Sports for people with disabilities is a clear reflection of the Union's belief that all citizens in the EU should have the same opportunities, regardless of their background or abilities. About 10% of the Union's population — over 36 million individuals — have some form of disability, whether physical, mental or sensory.

The range of activities supported by the Union in the programme bears testament to the spirit, dedication and skills of individuals who have overcome personal tragedy to hold their own in a variety of sporting arenas. High profile events include Winter Paralympic Games in Lillehammer, European Wheelchair Basketball Championships, European Athletics Championships for the Blind and the 1996 Paralympic Games in Atlanta. But other activities are also encouraged. The programme has also seen almost 80 people with heart transplants running in the annual Brussels 20 kilometre road race, scores of disabled sportsmen participate in a 1 500 kilometre relay on the Paris to Santiago de Compostella pilgrim route and a congress in Germany for over 400 delegates on rehabilitation by sport.

Other initiatives include:

- A joint campaign with the Council of Europe in the fight against drugs in sport. The 'Clean sport guide' is a comprehensive information and education pack for athletes, teachers, coaches and doctors;
- Measures to end restrictions on the temporary import of sports equipment for competitions or other events;
- Specific legislation on animals used in sport such as horses, dogs and pigeons.

**European law and sport.** Realization that European law with its emphasis on the free movement of people and cardinal principle of non-discrimination on grounds of nationality also applies to economic activities such as professional sports struck home with a landmark ruling by the European Court of Justice (ECJ) in December 1995. The case involved football and a professional Belgian player, Jean-Marc Bosman. But it has far wider repercussions.

The ruling confirmed unequivocally that the Union's fundamental principles aimed at removing obstacles which prevent workers or employees from plying their skills in another Member State also apply to professional sports. Transfer fees, once a contract has expired, are now considered to be such an illegal obstacle.

The case is already having a major impact on football as the sport comes to terms with the demise of the transfer system between Member States (although it may continue within a Member State).

The implications will spread to other sports whether they be hockey, rugby, basketball or judo. Sporting associations and administrators may also have to consider the complex structures which frequently exist between professional, semi-professional and amateur players. The ruling means changes to the sporting world, not just in the 15 EU Member States, but also in Norway, Iceland and Liechtenstein, which are linked to it through the European Economic Area.

The Bosman case is the most high profile example of the impact of the European Union on sport. But it was by no means a unique illustration.

The Union's competition policy rules were applied for the first time to ticket sales for sporting events in 1990. As football fans prepared for the World Cup, the European Commission ruled that the arrangement whereby one tour operator had the exclusive rights to sell entry tickets as part

of a package tour to the world's premier soccer competition was an exclusive distribution agreement that restricted competition to the detriment of football fans. Supporters now have a choice between several distributors when they wish to buy tickets or package tours for football matches, athletics events or other major sporting occasions.

European law also ensures that sports instructors who have trained and received professionally recognized qualifications in one EU Member State can have these accepted in another without taking a further series of tests. This mutual recognition system, for example, is designed to allow qualified tennis instructors trained in the United Kingdom or Austria to teach tennis players in France or Italy.

EU legislation on trans-frontier broadcasting, much of which involves sports programmes, lays down requirements for television advertising and sponsorship. These ban any advertising of tobacco products at sporting events. Moves are now afoot to establish EU-wide rules for satellite broadcasting and cable retransmission.

The Union is also keeping a close eye on the arrangements for exclusive broadcasting rights for sporting events and the development of pay television channels to ensure that the general interest of viewers is protected. In 1996 the European Court of First Instance in Luxembourg annulled a decision allowing the European Broadcasting Union with its 67 public broadcast members exclusive rights to broadcast sporting events.

**Hooliganism.** Unfortunately, sport, particularly football, can also have its anti-social, dangerous side with the violent behaviour of small groups of supporters spoiling the enjoyment and endangering the lives of the majority. As the Union's provisions on the free movement of people make it easier to travel from one EU country to another, so the phenomenon is spreading. The Union is increasingly considering ways of preventing such hooliganism, especially as preparations are put in place for the 1998 World Cup finals in France. In March 1996 EU governments adopted a joint strategy. It involves the exchange of information on known trouble-makers, assessment of the global risks involved, details of travel arrangements to away fixtures and a network of liaison officers on hooliganism. The measures have to strike a balance between protecting public order and respecting individual rights and the EU's rules on freedom of movement and non-discrimination on the basis of nationality.

The European Parliament has also identified the need for a coordinated EU approach on ticket sales, the consumption of alcohol at sports grounds and the design and safety of sports areas. It has organized meetings with representatives from football associations, police federations and others involved in the sport to work out effective measures.

**The future.** As the last few years have shown, the European Union has an ever increasing impact on sport. In the future it will continue to use its resources to encourage specific sporting activities. It will also act as a referee to ensure that EU rules are applied correctly to enable everyone to be treated fairly and enjoy the same opportunities. As the Union prepares for enlargement, sport will be a useful bridge between the peoples of existing and future Member States. For all these reasons it is important that the dialogue and contacts between the Union and the sporting world be well coordinated and as frank and constructive as possible.

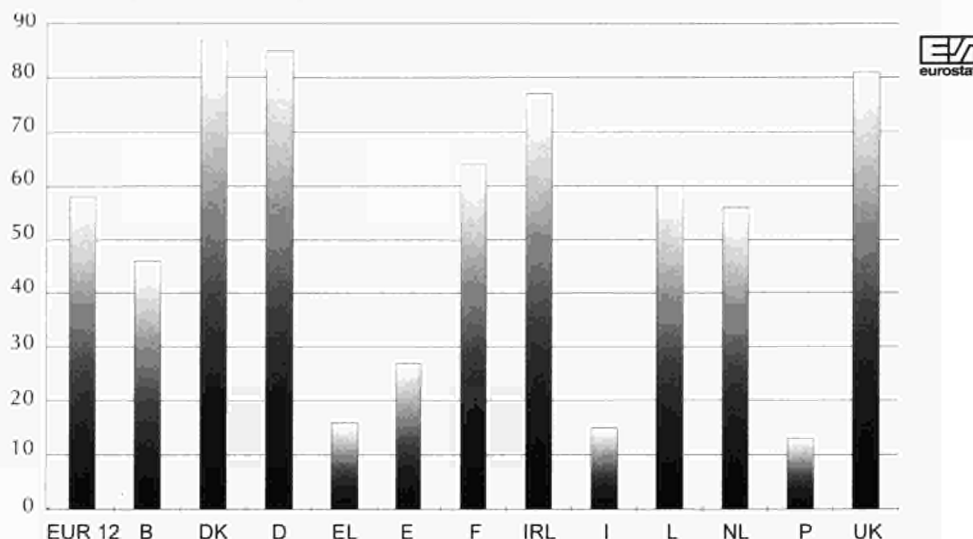
## Continuing vocational training in enterprises

*Within the European Union, nearly 60% of enterprises with 10 or more employees provided continuing vocational training courses for their employees in 1993.*

*These enterprises are termed "training" enterprises*

Danish, German, British and Irish enterprises provided the most training courses (from 77% for Ireland to 87% in Denmark). The enterprises providing the least training are to be found in Spain, Greece, Italy and Portugal (from 13% to 27%).

Percentage of training enterprises by Member State (1) - 1993



Training enterprises by Member State (1) - 1993

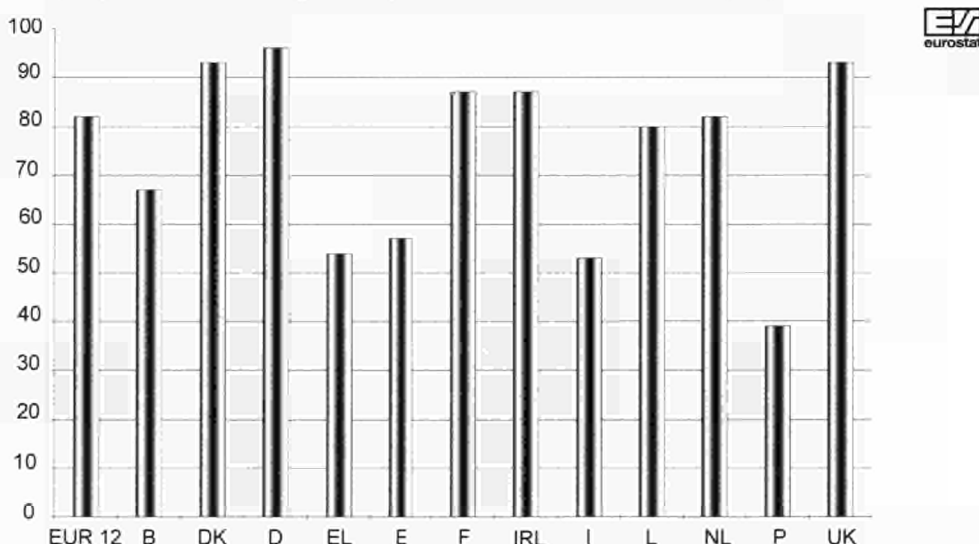
	EUR 12	B	DK	D	EL	E	F	IRL	I	L	NL	P	UK
Nb (1000)	898,7	26,8	34,3	178,7	14,9	116,2	114,3	7,7	128,8	2,3	47,1	31,9	195,7
%	58	46	87	85	16	27	64	77	15	60	56	13	81

(1) Enterprises with 10 or more employees

*In 1993, 82% of employees in the European Union worked in an enterprise which offered training courses. Within these so-called "training" enterprises, 35% of employees actually took part in training*

The proportion of employees in training enterprises ranged from 39% (Portugal) to 96% (Germany). Participation in training courses was higher than 30% in all Member States except Greece (24%) and Italy (27%).

Employees in training enterprises as a % of total employees



Employee participation in continuing vocational training - 1993

	EUR 12	B	DK	D	EL	E	F	IRL	I	L	NL	P	UK
1	82	67	93	96	54	57	87	87	53	80	82	39	93
2	35	41	37	25	24	36	42	49	27	30	32	35	41

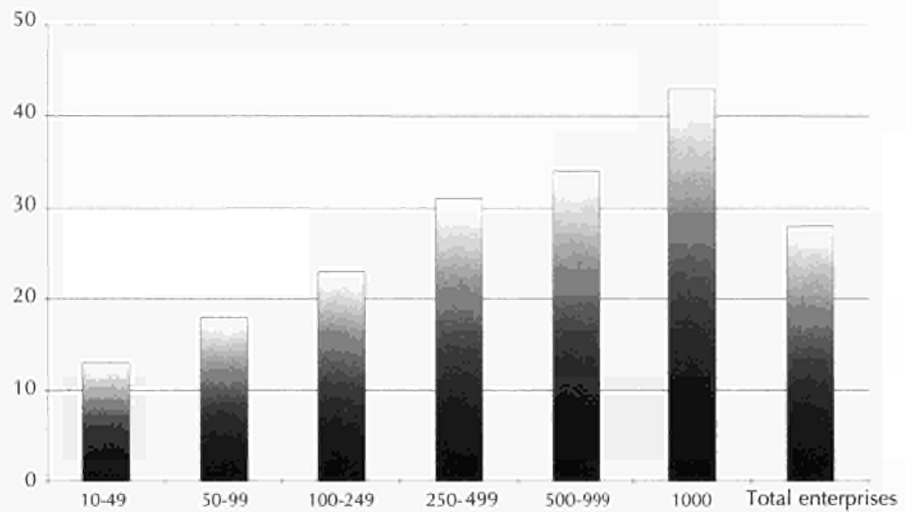
1 =employees in training enterprises as a % of total employees

2 =employees participating in training courses as a % of employees in training enterprises

**Opportunities for taking part in continuing training are generally better in large enterprises than in smaller ones**

13% of employees in enterprises with fewer than 50 employees took part in training courses in 1993, compared with 43% in enterprises with over 1 000 employees. This is a feature common to almost all Member States, except for Denmark, where the participation rate is the same regardless of the size of the enterprise.

Employees taking part in continuing training courses by size of enterprise, 1993 - EUR 12 (% of total employees)



Employees taking part in continuing training courses by size of enterprise, 1993 - EUR 12

	10-49 employees	50-99 employees	100-249 employees	250-499 employees	500-999 employees	1000 employees	Total enterprises
% of total employees	13	18	23	31	34	43	28

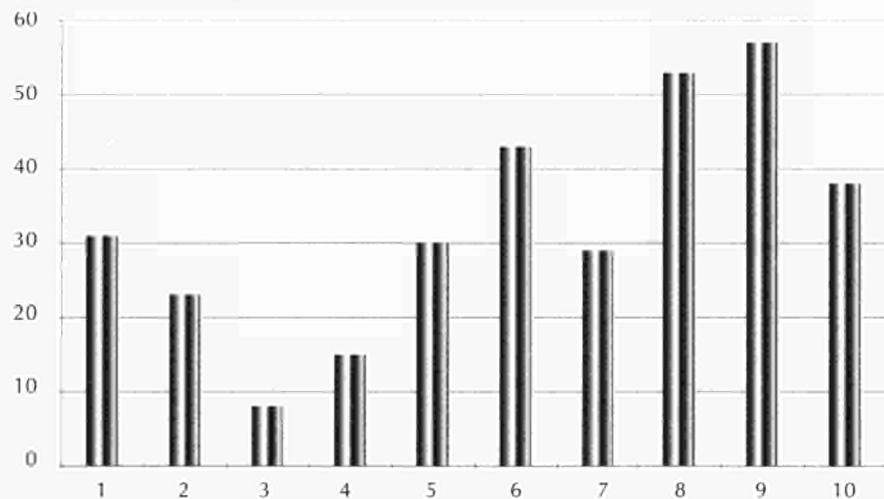


(1) Enterprises with 10 or more employees

**The participation of employees in training is highest in the financial sector, the public services and the more modern branches of industry, as compared with the most traditional branches**

In the "financial intermediaries" and "post and telecommunications" sectors, for instance, 53% and 57% of employees respectively took part in training, as against 15% in the "construction" sector and only 8% in the "textiles, clothing and leather" sector.

Percentage of employees taking part in training, by sector of the economy, 1993 - EUR 12



Training enterprises by sector of the economy - 1993

	1	2	3	4	5	6	7	8	9	10
% of training enterprises	42	50	26	51	62	81	48	66	87	73
% of employees taking part in training	31	23	8	15	30	43	29	53	57	38



1 Mining; 2 Foodstuffs; 3 Textiles, clothing and leather; 4 Construction; 5 Mechanical engineering (including electrical appliances); 6 Electricity, gas and water; 7 Transport; 8 Post and telecommunications; 9 Financial intermediaries (banking and insurance); 10 Real estate, leasing.

by one party to the other, unless the latter has expressed objections. This is how the European Court of Justice has interpreted the Brussels Convention on contractual jurisdiction in a case involving a German inland waterway transporter, MSG, and the French company Gravières Rhénanes. MSG opened proceedings against Gravières Rhénanes before a tribunal in Würzburg, Germany, to obtain additional compensation for a vessel damaged in France while under the responsibility of the French company. MSG indicated the jurisdiction of the Würzburg tribunal for dispute settlement in a letter to Gravières Rhénanes confirming the verbal contract and in its subsequent invoices. The European Court considered the jurisdiction of the Würzburg tribunal to be valid, even if the Brussels Convention generally designates a tribunal in the country of the defendant, in this case France, as being competent for the settlement of contractual disputes.

## SINGLE MARKET: MORE PROGRESS NEEDED

By March 1997, the EU's 15 Member States had on average transposed into their national legislation 94.3% of the 217 legal measures identified in the Commission's landmark White Paper of 1985 on the single market. This represents a slight improvement over the 93.8% figure registered in November last year. Only 142 of the 217 measures had been transposed by all 15 EU countries. But on the other hand, 10 of the 15 had transposed at least 211 of the 217. The best performers were Denmark and Holland with 99.1% compliance followed by Sweden (98.2%) and Luxembourg (97.7%). Then comes a group of countries with between 94 and 96% of total transpositions already in place: Finland (95.9%), Ireland (95.4%), Portugal (94.9%), Greece and the United Kingdom (both 94.5%). Below average performances were recorded by Belgium and Spain (93.1%), France (92.2%) and Italy (91.2%). The worst offenders were Germany (88.5%) and Austria (86.2%). The main problem sectors were the liberalization of public procurement with only 73% of all measures transposed into national law and the removal of technical obstacles to the free movement of persons with 74%. Slow transposition was also the case in the sectors of arms and cultural items (80%), new technologies and the audiovisual sector (83%), control of waste and of vehicle fuel tanks (83%) and company taxation (90%). Transposition exceeded the 90% mark in all other sectors.

## □ IN BRIEF

The Council of the European Union adopted a decision on 6 March giving a mandate to the European Conference on Posts and Telecommunications (CEPT) to prepare for the introduction of harmonized **personal communications by satellite** (S-PCS). The CEPT is an intergovernmental organization whose membership covers the EU and the rest of Europe. The mandate provides for the EU to act alone if CEPT procedures prove to be too slow.

The 1985 directive requiring **environmental impact assessments** (EIAs) to be carried out in advance of the execution of **certain public and private projects** will be extended to new sectors from the spring of 1999. The extension was agreed by the Council on 3 March as part of an update of the directive which now also strengthens procedures for cooperation between EU countries on projects with a cross-border impact.

The **consistency and comparability of national statistics** of EU countries will be further strengthened in coming years as the result of a regulation adopted by the Council of the European Union on 17 February. The regulation sets the legal framework for the provision of statistics required in different European policy areas at their preparation, implementation and evaluation phases.

**An individual or a professional association cannot force the European Commission to take legal proceedings against a Member State.** By issuing this ruling on 20 February, the Court of Justice rejected a claim by an association of German accountants that the German law on the profession of fiscal advisers breached the EC Treaty. The association had asked the Commission to take action against the German government but the Commission refused to act.

The European Commission adopted a **timetable for the liberalization of Portugal's telecommunications sector** on 12 February. This timetable, similar to the one adopted for Ireland at the end of last year, provides for liberalization of voice telephony and the network infrastructure by 1 January 2000. The use of proprietary or alternative networks for non-voice services must be authorized in Portugal before 1 July 1997. The international interconnection of mobile networks must take place by 1 January 1999. As for the use of alternative infrastructures for mobile networks this should have been authorized in February 1996.

## INITIATIVES

### ● Tomorrow's telecommunications: next generation GSM...

With the current generation of mobile telephones based on GSM technology still expanding rapidly, Europe's experts are already looking at ways of moving smoothly to the next generation of mobile communications, known as the universal mobile telecommunications system (UMTS). The main concern of the European manufacturers of mobile equipment and of the European Commission is to consolidate Europe's advance in mobile technology acquired through the acceptance of GSM, a European system, as the worldwide standard. On 25 February, a group of leading mobile specialists and the Commissioner responsible for telecommunications and information technologies, Martin Bangemann, met to define an agenda for future action. The European industry will submit its ideas in the coming months to the Commission for how the sector should be regulated in future at European level. UMTS should offer a mobile version of the whole range of multimedia and other services currently available via fixed networks.

### ● ... and a satellite action plan

The Commission adopted a three-point action plan on 5 March to accelerate the expansion of satellite communications and to ensure that European firms obtain a substantial share of the market. The first task is to complete the single market for satellite communications. Then comes the mobilization of the CEPT (see this page), particularly to identify the remaining regulatory obstacles and to find ways of overcoming them. The CEPT should also prepare the necessary norms, particularly for terminal equipment for public services. The plan also envisages using European research programmes to help draw up norms for the longer term future. At the global level, the European Commission is going to act to see that other countries respect their commitments under the world telecommunications agreement concluded in mid-February and which takes effect in January 1998. The Commission will also look at issues linked to access to frequencies and to satellite orbits.

## ● Banks and SMEs: best practice

Although small and medium-sized enterprises (SMEs) often criticize the behaviour of banks, the latter have taken a number of initiatives to help them overcome their financing problems. Some of these are contained in a report presented to the Commission on 27 February by a round table of bankers and SME representatives. They include original formulas already applied in some Member States such as systems for the self-evaluation of SME risk, the avoidance of bankruptcy in cases of financial difficulty, and training in financial management. The report makes recommendations to banks, SME organizations and to the public authorities at both European and national level. The report asks banks to provide SMEs with full information concerning the granting and management of credits, to use former SME managers as account executives, and to improve the financial expertise of SME owners. The round table calls on regional and national authorities to reduce administrative and fiscal costs to SMEs, particularly in their start-up phase, and to support the development of European stock markets for SMEs. It also calls on the European institutions to help disseminate standards of best practice for SMEs throughout the EU.

## ● Relocation is targeted

The European Commission announced on 7 March that it was reviewing cases where industrial companies relocate from one part of the EU to another, both as a matter of principle and more particularly when relocation involves regions receiving State subsidies. The announcement followed the decision of Renault to close its Belgian car assembly plant in Vilvoorde at a time when it was negotiating an extension of its plant at Valladolid in Spain with the help of Spanish government aid. On 10 March, Monika Wulf-Mathies, the commissioner for regional policy, said that no EU rules — whether on regional aids or competition policy — prevented a firm from relocating its operations in order to maximize the amount of State aid it receives. She said she was looking at ways of eliminating such behaviour.

## ○ IN BRIEF

The European Commission issued a memorandum on 11 March setting out the rights and obligations of employees and employers under the EU's directive concerning the **transfer of undertakings, businesses and parts of**

**businesses.** Directive 77/187/EEC (see also page 2) stipulates that when businesses or parts of them are transferred, then workers' rights are transferred with them. The memorandum explains the criteria for applying the directive in the light of the many relevant rulings of the European Court of Justice.

The **Belgian government presented its convergence programme** for the period 1997-2000 to the Council of the European Union on 17 February. The programme sets out how Belgian public finances will respond to the Maastricht criteria for participation in the single currency, the euro, when it is created in 1999. The previous Belgian convergence plan covered the period 1992-96.

The Netherlands is **the cheapest place to buy a car** and France and Germany the most expensive, according to the latest survey by the European Commission published on 14 February. The survey, based on November 1996 prices, notes that most car manufacturers are making efforts to keep the gap between their highest and lowest priced EU markets at less than 20%.

The Commission published proposals on 21 February to reduce **polluting exhaust emissions** on vans and other light commercial vehicles, four-wheel drive vehicles and cars with more than six seats or which weigh more than 2.5 tonnes. The reductions will take effect from 2000 onwards.

In 1995, the first full year of the single market for insurance, the number of **insurance companies** fell slightly in most EU countries to a total of 3 900, according to Eurostat. Car and health insurance are among the fastest growing sectors, as is life insurance, reflecting concerns about the future of State-run pension schemes.

## SEEN FROM ABROAD

### ► Candidates get ready for membership

Three candidates for EU membership — Bulgaria, Cyprus and Slovakia — presented their efforts to prepare for entry to the Commission and the 15 Member States at a series of Association Councils in Brussels on 25 February. Bulgaria set out its commitment to a far-reaching reform programme including price liberalization, large-scale privatization, the restructuring of the industrial and banking sectors and agricultural reform. For its part, the Cyprus government has created 23 working groups to oversee its programme of harmonization of its legislation with that of the EU. Slovakia has put in place a programme to align its legislation with EU rules and has launched a public information campaign to inform citizens about the European Union and the implications of membership.

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