



A modern industrial policy for globalisation

by Martin Bangemann, Member of the European Commission

Globalisation is much more than economic evolutionism, for it is changing social and political life also. From a political viewpoint, it is not only the pace at which international markets are merging which appears very significant, but also the fact that traditional structures are crumbling.

A global business dialogue

We must ensure that policy does not lag behind economic change, particularly as regards the information and communication technologies and the entire on-line economy. Failure to do so would both harm the economy and mean the loss of opportunities to create jobs, which are precisely what the information society offers. This is why our policies must be effective and satisfy the demands of both technology and the markets.

Hence the need for new forums for global dialogue, at the political level and with industry. Last year I took the initiative to launch a global industrial forum, dealing with questions of self-regulation, international coordination and legislative needs for the development of an information society. My initiative was very well received, and led to the creation of a global business dialogue (GBD).

It has become an important forum. This year it will present concrete proposals on such matters as copyright, liability, data protection, encryption, taxation and customs duties. This forum is a model in more than one way. It shows the need, in an age of globalisation, for a dialogue on complex issues between politics and industry. It shows that regulatory measures are necessary, but they can no longer be taken in a top-down manner by the political authorities. Market conditions are taken into account more effectively through general principles and codes of conduct on which industrialists have reached agreement. The GBD appears on the whole to be a good example of a new political approach, particularly if one looks at the development of the on-line sector. In order to spread these experiences on a much wider level, I am proposing a global political dialogue, a forum for cooperation between political leaders. It will meet for the first time in the middle of this year.

Laws and standards

Industry thus takes on an active role; the point must be stressed. This does not mean, however, that the political authorities give up their responsibilities. On the contrary, the need for legislative solutions is being felt increasingly — to protect consumers on the Internet or in the field of electronic commerce, for example. This is also true of the fight against criminality in cyberspace.

In my opinion, regulating the on-line world will require a mixture of self-regulation, technical solutions and legislation. We may not know what the final mixture will look like, but one thing is certain: it will include international agreements. Globalisation and developments in the on-line economy are leading to the integration of separate markets, and the appearance of new structures. For a modern industrial policy this means that we must continue with our horizontal approach, which covers such aspects as environmental protection, energy policy, consumer protection and research and development (R & D). This stronger integration of distinct policy areas can bring about synergy, with direct favourable effects on industrial competitiveness.

The range of technical standards is growing throughout the world. International standards are important in nearly all industrial sectors. The existence of different standards remains a major obstacle to trade, however. It is crucial, therefore, to find standards which take global demands into account. Europe, in particular, has a wide experience in matters of supranational standards, which we can offer at the international level, as is clear from the example of mobile telephones and the development of mobile communication services.

Job creation remains the major economic and political challenge. European competitiveness is an essential condition for maintaining, or improving, it. The question, therefore, is one of helping shape global competition, its ground rules and its development.

■ Towards a paperless customs service

A paperless customs service is on the way; it represents greater efficiency and a measure of protection against fraud. The legal bases of the new computerised transit system (NCTS), which come into effect from 31 March, must ensure on completion that transit formalities are fully electronic within the European Union and the bordering countries associated with it. The new legal provisions were adopted on 12 February by the European Commission and the joint EU/EFTA commission, which includes the representatives of Norway, Iceland and Switzerland. These provisions establish the legal value of the electronic messages exchanged between companies and customs services, and between the customs administrations themselves. They also establish the structure, contents and codes of these messages, and institute advanced information procedures for customs offices, and create a new accompanying document, which national administrations can already utilise. The system will operate initially in five countries: Germany, Italy, the Netherlands, Spain and Switzerland. Towards the middle of 2002, it will fully cover the entire EU and EFTA, as well as Hungary, Poland, the Czech Republic and Slovakia. A year later the system will be fully operational.

■ Venture capital for innovative firms

The amount of venture capital available in the European Union and associated countries for technologically innovative small businesses recently rose by EUR 490 million (EUR 1 = GBP 0.67 or IEP 0.79). This is the sum which the 28 venture capital funds, supported by the European Commission in the framework of the innovation and technology equity capital (I-TEC) project, have agreed to invest over the next three years. Thanks to the project's extension, announced on 22 February, there now exist seven I-TEC funds in the UK, five in Germany, four in France and three in Belgium, while Ireland, Denmark, Italy, the Netherlands, Austria, Finland and Sweden have one I-TEC fund each. There are two such funds in Israel, an EU associate country. EU aid helps improve the ability of the I-TEC funds to evaluate and manage this type of investment fund better. These funds, for their part, must undertake to devote at least 25 % of their recently increased capital to the launch of innovative small and medium-sized enterprises (SMEs). At present European venture capital funds tend not to invest in the new technologies, unlike their American counterparts.

■ Preventing fraud in euro coins

In order to foil consumers tempted to use a 20-cent coin in a vending machine, in place of a 50-cent coin, the EU Council of Ministers decided on 22 February to increase the weight of the latter, by amending the regulation adopted last December. Following a request from the vending industry, the Council has now fixed the weight of the 50-cent coin at 7.8 grams, instead of 7 grams. The Council also agreed to modify the edge of the 10- and 50-cent coins, in response to a request from the European Blind Union. The edges will now be scalloped instead of coarse milled, as provided for in the December regulation. The aim is to make it easier to distinguish between the two coins by touch. The euro coins will be put into circulation on 1 January 2002; they will replace national coins fully by 1 July 2002 at the latest.

■ Putting a stop to VOCs

From the spring of 2001, new industrial and commercial installations likely to emit volatile organic compounds (VOCs) will have to meet the limits set out in a new EU directive. Existing installations will have until 31 October 2007 to comply with the new directive, but will need to be registered or authorised beforehand. The directive, which the EU Council adopted on 11 March, concerns a number of activities using organic solvents. They include, in particular, the manufacture of footwear, varnishes, glues and pharmaceutical products; the painting of cars, and certain forms of industrial cleaning. The directive also covers the processing of rubber, purification of vegetable oils and some coating and covering operations. While the text sets pollution limits for each activity, companies will be able to opt for emission reduction schemes tailor-made to their needs. Small installations will have to comply with less stringent requirements. EU Member States will be responsible for monitoring the directive's implementation and for sanctioning non-compliance.

■ Border-free social rights

An EU Member State cannot discriminate against one of its nationals, because he or she has worked in one or several other Member States. The European Court of Justice reminded Member States of this in two separate rulings it handed down on 25 February. One of the rulings concerned a British subject, who returned to the UK jobless, having worked for a long time in France. He was refused a minimum income by the relevant authorities because he came 'from abroad'. The second ruling concerned a Spanish national, who returned home after working in the UK for 25 years. He was refused unemployment benefits for those over 52 years of age by the Spanish authorities, on the grounds that he had neither worked nor paid social security contributions in Spain. In both cases the Court held that under the European regulation on social security for workers who move within the EU, national authorities cannot make a minimum period of residence in the home country a condition for obtaining benefits.

THE EUROPEAN COMMISSION RESIGNS

The news that the European Commission had resigned was announced just as the text of this issue was being finalised. The resignation of the entire Commission followed the publication of the first report of the Committee of Independent Experts 'on allegations regarding fraud, mismanagement and nepotism in the European Commission'.

Commission President Jacques Santer noted that the Committee's analysis of 'a small number of specific cases' [...] 'reveal certain malfunctions and one instance of favouritism'. He went on to point out that 'there is no suggestion that any member of the Commission was involved in fraud or corruption, or stood to gain personally'. President Santer described the Commission's decision to resign as a body as 'a political act', adding, 'We have taken our responsibilities, even if we judge the report to be unbalanced... I am hopeful that this crisis will help to re-establish the smooth functioning of the institutions... We will continue to perform our functions until our replacement is provided for under the relevant procedures'.

Cedefop:**THE EU'S GUIDE TO THE CHANGING WORLD
OF VOCATIONAL TRAINING**

by Ioanna Nezi, Cedefop

Many things have changed since the heady days which saw the establishment of the European Community, but perhaps few so spectacularly as the labour market. From a booming post-war economy, full employment and life-long association with one company or sector, through the oil crisis and instability of the 1970s, to the organisational revolution of the 1980s, we now find ourselves in an exciting but turbulent world of frequent career changes, fewer routine jobs, greater responsibilities in each position, more direct communications — but equally, of long-term unemployment and widespread job insecurity. Technology is changing the content of job descriptions almost faster than we can keep track: our qualifications in any field are out of date within less than 10 years. Meanwhile, the trend toward globalisation — assumed to be inimical to small companies — has produced both the consolidation of large companies and the proliferation of subcontracting/outsourcing toward smaller ones. The technological developments which made globalisation possible have also considerably improved the chances for small companies to play on a global field. Furthermore, new technologies open up new ways of acquiring training, which are of particular interest to SMEs. In this landscape, it is obviously vital to keep abreast of the changes occurring in one's field of interest, and therefore to get the right kind of training at the right time. But how to train, where, and to what end? How can the 'skills gap' be filled and existing qualifications updated? How can the individual or company evaluate training? And who should pay for it?

These are some of the issues which Cedefop, the European Centre for the Development of Vocational Training, looks into. Established in 1975, after the oil crisis signaled the end of economic stability in Europe, Cedefop functions as a support structure for the European Commission, Member States and social partners (all represented in its management board), noting trends, creating links and suggesting new directions for training. Education and training are, according to the EU Treaty of Maastricht, the responsibility of the Member States (subsidiarity principle); however, there is a clear need for all policy makers to be aware of developments in other Member States in order to best formulate their own strategies and cooperate with one another.

Let's take some concrete examples of Cedefop's work. All of them focus on the same goal: to collect and analyse information on vocational education and training (VET) from all over Europe and then disseminate it to those

who most need it: employers, governments, employees, teachers and trainers.

Non-formal qualifications

There is an increasing focus on evaluating non-formal learning (learning acquired outside formal educational and training structures — on the job, at home, etc.). For individuals, this should be a means to update skills, acquire new skills, become employable, or re-enter the educational system; for companies, it should provide a better overview of in-house qualifications for purposes of recruitment, promotion or reorganisation; for society at large, non-formal qualifications are part of the 'knowledge capital' which must be taken into account in preparing the future. In the past 10 years, several Member States have introduced systems to evaluate and recognise such knowledge. However, there is at the moment no commonly accepted system of recognising non-formal qualifications, though the European Commission has proposed several possibilities ('European skills accreditation system', 'personal skills card'). It is generally accepted that such a system can work only on a tripartite basis, with the contribution of employers, employees and government. Cedefop's role is to commission studies of non-formal learning in all Member States to compile a synthesis report; furthermore, through contacts with private companies which apply such systems, and by participating in conferences, Cedefop aims to provide a critical interpretation and overview of the options proposed today and make concrete suggestions as to the way forward.

Transparency of qualifications and future training needs

Just as the project on non-formal qualifications aims to help people move between jobs and companies, so the one on the recognition and transparency of qualifications focuses on helping people take their formal qualifications with them to another Member State. At the moment, despite the fact that the EU is formally 'frontier-free' and that workers' mobility is an established right, vocational qualifications acquired in one Member State are not necessarily recognised in all others — nor are there clear guidelines for so doing. Cedefop's study of this thorny issue has led it to propose that a transparency forum be set up at EU level, comprising specialists from all Member States, to provide an overview of approaches followed and make specific proposals about how to achieve EU-wide transparency of qualifications.

But Cedefop does not focus only on facilitating the present — it is also concerned with future needs. Its project *Scenarios and strategies* involves the development, on the basis of socioeconomic trends in the Member States and accession candidates, of alternative scenarios as a backdrop for devising vocational training strategies (particularly with regard to continuing or adult education). Trends in occupations and qualifications are also explored in recent publications such as *The impact of information technology on curricula and qualifications* (EN, IT) and *Les transformations des compétences du personnel technico-commercial dans une société fondée sur les connaissances* (in French only).

Sectoral training, VET funding, evaluating human resources

Cedefop is at present researching changes in vocational training needs in specific sectors, such as printing, hospitals, environment-related sectors and banking. A synthesis report on work organisation and qualification in the printing sector — one which has undergone great change in the last 10 years — appeared at the end of 1998. The recent report, *New qualifications and training in environment-related sectors* (EN, FR), is based on case studies in fields as diverse as organic farming, counselling small enterprises on environmental protection, green tourism, renewable energy, recycling, etc. Meanwhile, the question of how to assess knowledge accumulated within a company and so measure the company's real market value — including, that is, all-important human resources — is another topic currently being explored by Cedefop, under the heading *Human resource accounting* (published November 1998).

A series of reports on funding highlights the complex relations between private, public, sectoral and individual financing for training and assesses the possible consequences of various methods, such as output-related funding. These studies are accompanied by monographs on the funding systems of all Member States.

The electronic training village

As it aims to be a focal point for the exchange and analysis of information between all concerned with VET, Cedefop makes extensive use of electronic means of communication. Besides CD-ROM publications and its website — which presents information about the centre at www.cedefop.gr — Cedefop has also set up an interactive site, aimed at professionals or parties interested in VET, the electronic training village (www.trainingvillage.gr). Participants, who must register electronically, can take part in virtual conferences, send out queries, make comments, download publications, search the Cedefop library, join mailing lists on specialised topics, exchange information, etc. The village, set up in summer 1998, already has over 1 300 members from around the world and is constantly being enriched by new activities.

Practical information

Cedefop was originally based in Berlin, but in September 1995 it moved to Thessaloniki, Greece. The heart of the centre is its staff of experts in vocational training, who commission research on VET-related subjects approved by the management board. The experts are complemented by the library and documentation service, the information service, the administration, translation and technical support services. You can get much specific information on Cedefop's staff on our home page.

The published results of work commissioned or produced by the centre take various forms: discussion papers under the general title 'Panorama' (recent example: *Exploring the returns to continuing vocational training in enterprises*); reference documents (such as the biennial synthesis report on VET-related research in the EU, *Training for a changing society*); documents (such as *Mobility and migration of labour in the European Union and their specific implications for young people*); a research journal, the *European Journal Vocational Training* (EN, FR, DE, ES); and the newsletter **Cedefop Info** (EN, FR, DE) which presents developments in all Member States.

INFORMATION

For publications: info@cedefop.gr

Apart from the Panorama series and Cedefop Info, which are free, our publications are available at sales points of the Office for Official Publications of the European Communities.

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KEY FIGURES

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tel. (352) 43 35 22-51 — fax (352) 43 35 22-221

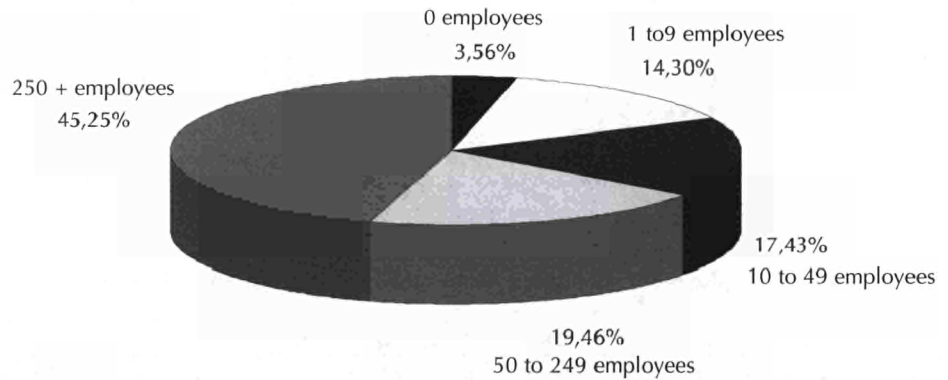
Enterprises in the European Union SMEs employ two thirds of employees in total employment

Turnover of enterprises by employment size class in the EU, 1995

About 18 million European enterprises in the non-agricultural market sectors are SMEs, employing fewer than 250 employees

They therefore play a decisive role in the EU. Jobs are divided almost equally between very small units with fewer than 10 employees, including those with no employees, small and medium-sized enterprises with up to 249 employees and large enterprises with 250 employees or more.

However, 45% of total turnover is accounted for by the 36 000 large enterprises.



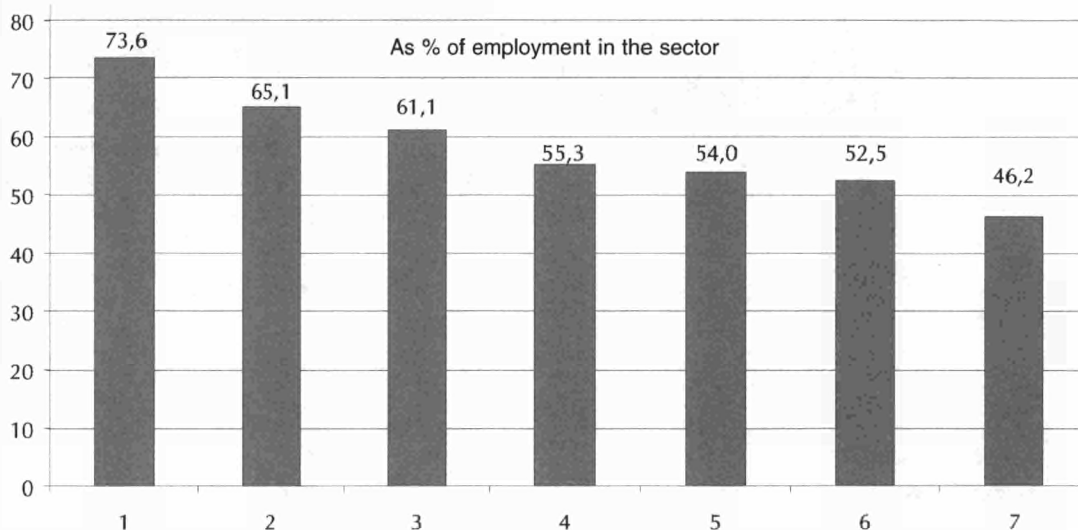
Enterprises in the European Union in 1995 – Distribution by employment size class

| Number of employees | 0 | 1 to 9 | 10 to 49 | 50 to 249 | 250 + |
|-------------------------------|-------|--------|----------|-----------|-------|
| As % of number of enterprises | 51,64 | 41,26 | 6,01 | 0,90 | 0,20 |
| As % of total employment | 9,75 | 23,08 | 18,95 | 13,89 | 34,33 |
| As % of turnover | 3,56 | 14,30 | 17,43 | 19,46 | 45,25 |

Over 90% of European enterprises have fewer than 10 employees

They still employ at least 20% of the labour force. The figure is lowest in Germany, Ireland, Luxembourg and Austria. The percentage of jobs in very small enterprises is well above the average in the southern European countries and Belgium. The self-employed people carry out craft activities or represent small family businesses, while enterprises with one to nine employees operate mainly in the service sectors.

Economic sectors dominated by very small enterprises (0-9 employees) — EU-15, 1994



1: Other service activities; 2: Activities auxiliary to financial intermediation; 3: Real estate activities; 4: Hotels and restaurants; 5: Retail trade and repair of domestic articles; 6: Sale, maintenance and repair of motor vehicles; 7: Construction.

Share of total employment accounted for by very small enterprises — 1995

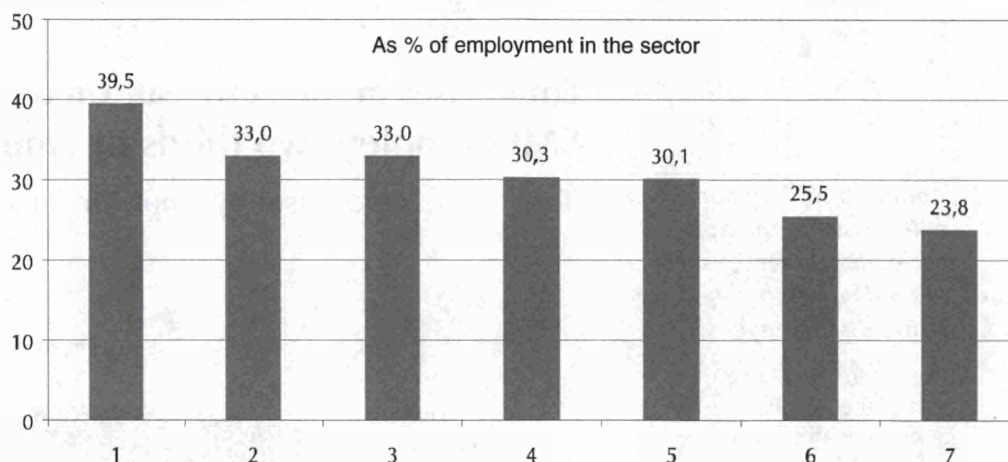
| | EL | I | E | B | P | EU-15 | F | DK | UK | S | NL | FIN | A | D | L | IRL |
|------|------|------|------|------|------|-------|------|------|------|------|------|------|------|------|------|------|
| 1995 | 56,6 | 47,8 | 47,5 | 45,8 | 38,4 | 32,8 | 32,4 | 29,0 | 28,9 | 26,7 | 26,0 | 24,6 | 24,0 | 23,5 | 22,9 | 22,7 |

EL, I, NL, A: 1994

Small enterprises (from 10 to 49 employees) account for between 15 and 25% of employment

These businesses particularly dominate certain sectors of industry, such as metal processing, the production of non-metallic products, wood-working and the clothing and leather industries. This size of enterprise is also very well represented in services, such as the wholesale trade, in which one out of three employed persons work.

Economic sectors dominated by small enterprises (10-49 employees) — EU-15, 1994



1: Manufacture of leather and leather products; 2: Manufacture of fabricated metal products; 3: Manufacture of wearing apparel; dressing and dyeing of fur; 4: Manufacture of wood and wood products; 5: Wholesale trade and commission trade; 6: Publishing, printing and reproduction of recorded media; 7: Manufacture of other non-metallic mineral products.

Share of total employment accounted for by small enterprises (10 to 49 employees), 1995

| | L | IRL | P | DK | I | D | A | E | EU-15 | F | S | EL | NL | FIN | B | UK |
|------|------|------|------|------|------|------|------|------|-------|------|------|------|------|------|------|------|
| 1995 | 24,6 | 22,9 | 22,8 | 22,6 | 21,4 | 20,3 | 19,2 | 19,0 | 18,9 | 18,7 | 18,2 | 17,2 | 17,0 | 16,4 | 15,4 | 15,3 |

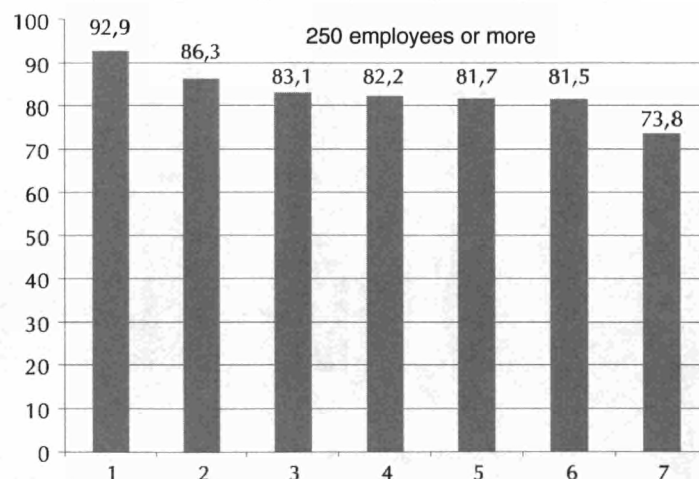
Medium-sized and large enterprises represent between 26 and 60% of total employment

Most medium-sized enterprises are involved with manufacturing, particularly the textile, rubber and paper industries while large enterprises dominate the capital-intensive sectors. In the post and telecommunications sector, enterprises of 250 or more employees represent more than 90% of jobs in the sector.

Economic sectors dominated by medium-sized and large enterprises — EU-15, 1994



1: Textile industry ;
2: Rubber and plastics products;
3: Pulp, paper and paper products;
4: Machinery and equipment;
5: Supporting and auxiliary transport activities;
6: Computer and related activities;
7: Food products and beverages.



1: Post and telecommunications;
2: Electricity, gas, and water supply
3: Financial intermediation;
4: Manufacture of motor vehicles;
5: Insurance and pension funding;
6: Research and development;
7: Manufacture of radio, television and communication equipment.

Share of total employment accounted for by medium-sized and large enterprises, 1995

| | B | DK | D | EL | E | F | IRL | I | L | NL | A | P | FIN | S | UK | EU-15 |
|---|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| 1 | 11,4 | 17,9 | 13,9 | 12,7 | 12,9 | 14,9 | 21,4 | 10,7 | 24,1 | 17,7 | 21,3 | 18,4 | 16,4 | 16,1 | 12,6 | 13,9 |
| 2 | 27,4 | 30,5 | 42,3 | 13,5 | 20,6 | 34,1 | 33,0 | 20,1 | 28,4 | 39,4 | 35,5 | 20,5 | 42,6 | 39,0 | 43,1 | 34,3 |

1: Enterprises with 50 to 249 employees.

2: Enterprises with 250 employees and over.

□ IN BRIEF

For the second year running the EU Council of Ministers adopted **employment guidelines** on 22 February. The 1999 guidelines also extend those for last year; in fact they embody the four major forms of action contained in the 1998 guidelines. They are: improving employability, developing an entrepreneurial spirit, encouraging the adaptability of businesses and their employees, and strengthening equal opportunity policies for women and men.

A motor car manufacturer cannot prevent a **garage owner** from using its marque, to let motorists know that the garage maintains and repairs cars of this particular make. But the latter cannot give the impression that it has a special commercial link to the marque and is part of its distribution network. A ruling to this effect was handed down by the European Court of Justice on 23 February, in a case brought by BMW against a garage owner in the Netherlands.

The EU system for the **comparison of fingerprints** of asylum seekers, agreed to last December, will be extended to illegal immigrants. The EU Council of Ministers decided on 12 March to add a protocol to this effect to the Eurodac Convention. Both texts remain 'frozen' until the Treaty of Amsterdam comes into force, later this year. The EU will then have to adopt legislation embodying their contents.

A brand name which contains (i) two syllables of the registered name of a typical foodstuff, and (ii) the same total number of syllables as the latter, is sufficiently evocative of it to fall within the provisions of the EU regulation on the **protection of foodstuffs typical of a geographical region or manufacturing process**. This was the stand taken by the European Court of Justice on 25 February, in a case in Austria opposing the German manufacturers of Cambozola cheese and the defenders of Italian Gorgonzola cheese, which has been registered under the provisions of the EU regulation. The Court referred the case back to the Austrian courts over the precise issue of Cambozola sales in the country.

The European Court of Justice annulled on 16 March the registration of the name '**feta**', attributed to certain types of cheese made in Greece. The name had been registered as a guarantee of the origin and quality of the product in question, and protected as such throughout the EU. The Court held that 'feta' was now widely accepted as the name of a product which has been legally made for a long time in several EU Member States, other than Greece. The fact is that the EU registration of the name 'feta' had been challenged in the courts by Denmark, Germany and France.

In order to **facilitate judicial cooperation** between EU Member States, the EU Council of Ministers decided on 15 March to provide the European judicial network, consisting of national points of contact, with a telecommunications system, to be set up gradually. As a first step a CD-ROM, containing all the instruments needed for mutual legal assistance within the EU, will be issued in June. Other technical products will follow.

The EU will have **comparable statistical data on labour costs** in the various Member States, starting with the reference year 2000. The EU Council adopted a regulation to this effect on 9 March. The statistics in question will cover various sectors of activity in detail. The EU will also produce statistics on earnings in the same way, starting with the reference year 2002. These two sets of statistics will be published every four years.

In order to improve **cooperation** between EU Member States in the fight against **trafficking of all kinds**, the EU Council decided on 12 March to round off the convention on the use of information technology for customs purposes. The aim is twofold: (i) to broaden the definition of money laundering and (ii) add vehicle registration numbers to the information that can be exchanged. The protocol containing these provisions will come into force at the same time as the convention itself, which still awaits ratification by all EU Member States.

The EC Treaty does not allow an EU Member State to provide for the mandatory registration in its own currency of a **mortgage** meant to guarantee a debt payable in the currency of another Member State. A ruling to this effect was handed down by the European Court of Justice on 16 March, in a case arising out of the refusal of the Austrian authorities to register a mortgage for an amount in German marks.

INITIATIVES

● Single market: action plan a success

During the 18 months of the single market action plan, launched at the end of June 1997, the proportion of single market directives not yet implemented in all EU Member States fell from 35 % to 13.9 %. This is one of the findings of

a European Commission assessment of the plan published on 23 February. Other areas of progress include the setting-up of mechanisms for the direct resolution of problems between Member States, and the acceleration of infringement proceedings against Member States that do not apply single market rules. The Commission has set up a business panel, in order to take into account the views of users about administrative constraints and the possible adaptation costs arising from new legislative proposals. The Commission's assessment points to shortcomings also. In addition to the directives which have yet to be transposed by Member States, they include patents, taxation and State aid to firms. What's more, the recommendations regarding the initiative designed to simplify internal market legislation (SLIM) are not being translated quickly enough into firm proposals.

● Reducing VAT rates on local services

Reducing VAT rates on locally provided, labour-intensive services could lead to more jobs and, at the same time, result in activities moving out of the black economy. The European Commission suggested to EU Member States on 17 February that they might want to try an experiment on these lines, if they so wished, from 1 January 2000 to 31 December 2002. The labour-intensive services in question would have to meet three requirements: they are provided directly to final consumers, have a predominantly local clientele, and do not interfere with the smooth operation of the European single market. Examples of such services include the repair of domestic appliances, the renovation of buildings and the care of infants and the elderly. But the Commission has not drawn up a list of such services; this would be left to the countries adopting its proposal. The current standard VAT rate on these services amounts to, or exceeds, 20 % in over half the EU countries.

● No to a reprieve for duty-free sales

It is not desirable to postpone the ending of duty-free sales, set for 1 July in EU ports and airports, as well as on ships and aircraft, to passengers travelling within the EU. This is the main conclusion of a report on the duty-free situation, drawn up by the European Commission at the request of the Vienna European Council, and published on 17 February. The report recalls that a unanimous decision to end duty-free sales on journeys within the EU was taken in 1991 by the EU Council of Ministers. It is in the logic of the single market, given that consumers can buy tax-paid goods freely anywhere in the EU. Duty-free sales amount to a subsidy to the duty-free trade, at the expense of ordinary shops. The lost tax revenue could be used to finance a reduction in VAT rates on locally delivered services. The Commission's report also points to the availability of various forms of EU aid for dealing with local employment problems, which the maritime sector in particular faces. They include aid from the Regional and Social Funds, the regional initiatives of the Cohesion Fund and special assistance if necessary. The EU Council began its examination of the Commission's suggestions at its meeting on 15 March.

● National stability programmes

The EU Council of Ministers studied five national stability programmes at its meeting on 15 March. They included the German and Spanish programmes, covering the period from 1998 to 2002, and those of Belgium, France and Luxembourg, which run from 1999 to 2002. The aim of these programmes, submitted by countries in the euro area, is to ensure their continued economic health, particularly as regards public finances, within the framework of economic and monetary union (EMU). The Council has now examined the stability programmes of the 11 EMU countries, and welcomed the objectives which have been set. According to the European Commission, which was entrusted with the preparation of this examination, none of the programmes is contrary to the budgetary objectives of the European stability and growth pact. However, an adequate margin of security, needed in the event that economic performance is below forecast, is occasionally missing.

□ IN BRIEF

The EU Council of Ministers, and representatives of EU Member States, adopted on 9 March a **code of conduct for improved cooperation in the fight against undeclared work and social security fraud**. The code provides for direct communication between the competent national bodies as well as the designation of national liaison offices in the various Member States, in order to facilitate cooperation. The competent bodies of the Member States will help each other and transmit data and documents, according to rules set by the code.

The **future European regulation on telecommunications, media and information technology** should distinguish clearly between transport (transmission of signals), on the one hand, and content on the other. In addition, the infrastructure used to transport data and images should be subject to the same rules. These are the basic principles to emerge from the public consultation launched in December 1997, with the publication of the European Commission's Green Paper on the convergence of the above technologies. The results of this consultation were published on 9 March.

The European Commission launched in early March a discussion on **the application of the EU's competition rules to sport**, in order to take into account the development of the economic aspects of this activity. The aim is to know, for example, if a firm can control two clubs playing in the same championship, or if a national or regional sporting federation can prevent one of its clubs from moving to another EU country.

In a report published on 16 February, the European Commission would like EU Member States to **act together in the matter of economic and structural reforms**, in order to combat unemployment more effectively. The aim in particular is to make the best use of the single market, encourage job creation and invest in training.

Both the EU and its Member States took numerous initiatives last year in order to promote **equality of opportunity between men and women**, according to the European Commission's third annual report on the

subject, published on 8 March. Various measures have enabled women to find jobs or set up their own businesses.

SEEN FROM ABROAD

● The Swiss want to join in

The Swiss would like to take part in the EU's educational and audiovisual programmes, have access to the European single market in electricity and conclude a free trade agreement with the EU for processed agricultural products. The Berne government made its wishes known to the European Commission at the beginning of March. Switzerland and the EU concluded last December seven agreements covering key aspects of their relations, such as transport and the free movement of people. Switzerland must hold a referendum on this subject at the end of this year or early next year.



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