



Making electronic communications more secure

by Erkki Liikanen, Member of the European Commission

There is a growing interest in information security issues in Europe. This is a direct result of the rapid growth of the Internet and electronic commerce and it can be hailed as good news, considering the growing importance of the networked economy in terms of growth and employment.

Towards a single market for cryptography

Cryptographic technologies are at the heart of information security. A few years ago, cryptography was still an arcane topic restricted to a closed circle of people in the know. Recently, with the growth of the Internet, cryptography and on-line security have made it into the headlines. Why? Simply because cryptography is the preferred, if not the only, means of ensuring authenticity and confidentiality in electronic communications.

With close to 200 million Internet users worldwide, there is already today a strong market basis for security products and services. This is clearly indicated by the multiplication and impressive growth figures of cryptographic companies. For the time being, the security market largely remains a corporate one. This is no surprise since business-to-business activities still form the bulk of the electronic commerce market. But the security market will only explode once it becomes a mass market. The odds are that the Internet will be everywhere in Europe in a matter of five years or so.

All along the chain of Internet services, there is an essential need for security features. Since we have the technology, this does not seem to be a problem. But the actual situation appears to be less than rosy: it can be compared to telecommunications services, where growth is directly linked to the creation of a fully liberalised and coherent EU-wide market. Take mobile phones for example. The GSM technology may be great, but there would not be 100 million GSM users in Europe today if it had not been for a comprehensive EU policy. In the same spirit, we are now working towards a single market for cryptography.

Authentication and confidentiality

At a time when companies increasingly rely on electronic communications to carry out their day-to-day business, incompatible national solutions in the field of cryptography create impediments that lessen the benefits of the single market, not to mention the problems created for the cryptographic industry itself.

The Commission has addressed these issues in a pragmatic way, establishing a distinction between authentication and confidentiality, even though they both rely on the same cryptographic technologies. For authentication, we have tabled a draft directive on electronic signatures which will secure the single market for certificates and certification services. The aim is to have the European rules transposed into the national legislation of the 15 EU Member States by the end of 2000.

Matters are more sensitive when it comes to confidentiality. The scrambling of electronic communications has raised some legitimate public security concerns. Most of the proposed schemes have proved impracticable. This has been confirmed by the findings of EU-funded research projects. Member States are now increasingly sharing this view. The French Government in particular has pledged to lift all restrictions to the use and supply of encryption products. In any event the Commission will work with Member States to ensure that, in a liberalised domestic environment, public safety will be fully guaranteed.

However, some controls on shipments of encryption products still remain within the single market, creating burdens for European companies. We hope that Member States will soon come to an agreement on the new dual use regulation, which aims to lift almost all such controls.

Security is the key to securing users' trust and confidence, and thus to ensuring the further take-up of the Internet. This can only be achieved if security features are incorporated in Internet services and if users have sufficient safety guarantees. Moreover, securing the single market is crucial to the further development of the European security market, and thus of the European cryptographic industry. This requires an evolution of mentalities. Regulation in this field transcends national borders. Now that European governments and the Commission have a converging view on confidentiality, we must focus on the potential of encryption to protect public security rather than mainly seeing it as a threat to public order.

DECISIONS

TOWARDS A EUROPEAN UNION OF FREEDOM ...

The European area of freedom, security and justice provided for by the Amsterdam Treaty (in force since May), will take shape in the months and years to come. To this end the EU Heads of State or Government, meeting as the European Council in Tampere, Finland, on 15 to 16 October, approved the priorities and guidelines covering three major goals. These are a common EU asylum and migration policy; a genuine European area of justice for individuals and businesses; and an EU-wide fight against organised crime. The necessary decisions and concrete initiatives will be taken by the EU Council of Ministers, the Member States and the European Commission, as the case may be. The **asylum and migration policy** starts with the prevention of political and economic problems in the countries and regions of origin of asylum seekers. It includes a common European asylum system. It also involves combating illegal immigration, particularly the traffic in human beings, and offering immigrants legally resident in the EU rights and duties which are as close as possible to those of European citizens.

... SECURITY AND JUSTICE

The creation of a **European area of justice** is aimed at helping people living in the EU to overcome the obstacles arising from the existence of differing national legal systems. The focus initially will be on simplifying the procedures for small commercial claims and maintenance claims, and informing the person under the court's jurisdiction. The Tampere guidelines provide for enhanced mutual recognition of judicial decisions in civil, commercial and criminal matters. The Council of the EU and the European Commission must adopt a programme of measures by December 2000. The **fight against crime** necessarily involves both prevention and cooperation. To facilitate the latter, particularly as regards prosecution, the European Council decided to set up a unit, to be called Eurojust and consisting of national prosecutors, magistrates or police officers, depending on the country. The Council also undertook to increase the resources available to Europol, the European police office, and to set up a European police college, for training senior law enforcement officials. With money laundering at the very heart of organised crime, the European Council insisted that concrete steps be taken to trace, freeze, seize and confiscate the proceeds of crime. The Council stressed that action in the field of **external relations** is a necessary corollary to all these measures. The EU Council of Ministers will draw up specific recommendations before June 2000.

■ From cross-border regions to job creation

Some EUR 10.4 billion (EUR 1 = GBP 0.64 or IEP 0.79) is being made available from the European Union budget to help resolve regional and social problems through a better use of the European dimension. The money will be shared among four new 'Community initiatives,' over the period 2000-06. The European Commission adopted the specialised programmes — Interreg III, EQUAL, Leader+ and URBAN — as well as the share of individual Member States, on 13 October. The aim in every case is to put innovative solutions to the test, through projects involving cross-border cooperation, and to share the results in order to make them available throughout the EU. With its EUR 4.8 billion, Interreg III will continue to promote the development of cross-border areas in the EU, as well as areas which adjoin non-EU

countries. This is a task it has been engaged in since 1990. EQUAL, which has a budget of over EUR 2.8 billion, will concentrate on preventing job discrimination in the case of women, racial and ethnic minorities, older workers and homosexuals. Leader+ will follow the path of earlier Leader initiatives, and devote its budget of over EUR 2 billion to helping people living in rural areas develop their communities themselves. URBAN, with a budget of EUR 700 million, will contribute to the revitalisation of the districts and suburbs of EU cities in crisis.

■ VAT to be reduced for certain services

Between 1 January 2000 and 31 December 2002, EU Member States will be able to levy VAT at a reduced rate on certain services which are labour intensive — and therefore generate jobs. This experiment has been made possible through a modification to the EU regulation on VAT, adopted by the EU Council on 8 October. It allows each Member State to choose two — exceptionally three — types of services from a list of five groups of services. The list includes window cleaning and cleaning in private households, as well as the repair and renovation of private homes. Hairdressing and small repairs to bicycles, shoes, leather articles, clothing and household linen are also on the list, together with home help for young children, the elderly, the sick and the disabled. Governments should notify the European Commission of their choice before 1 November. Generally speaking, the services entitled to this concession must be largely provided directly to consumers. Their impact must be local, and the lower prices resulting from reduced VAT rates should stimulate demand and generate jobs.

■ Patents must be translated

A European patent can prove totally ineffective in an EU Member State if it has not been translated into the official language of the State in question. This provision of the convention on the issue of European patents is not contrary to the free movement of goods, guaranteed under the EC Treaty. A ruling to this effect was handed down by the European Court of Justice on 21 September 1999, in a case brought by the German company, BASF, against the country's patents office. BASF had obtained a patent, drawn up in English, from its American subsidiary. The issue of the patent was published in July 1996, but in May of the following year the German patents office noted that, under German law, the patent was ineffective in Germany as it had not been translated into German. BASF asked the courts to quash this decision, which it argued was incompatible with the European principle of the free movement of goods. All EU Member States, with the exception of Italy and Luxembourg, intervened in the proceedings, alongside the German patents office. The Court held that the repercussions of the obligation to translate patents, on the movement of goods, were too indirect and unpredictable to be regarded as hampering trade.

■ Setting limits to acquisitions

By refusing on 22 September to authorise the British company, Airtours plc, from acquiring its competitor, First Choice plc, the European Commission decided to prevent the emergence of a situation of collective dominance, or oligopoly. This is the first time that the European regulation on mergers and concentrations has been used by the Commission in this way. The two large companies in question, together with two other large firms, account for 80% of the UK market for package holidays in southern Europe and north Africa. The rest of the market is in the hands of numerous much smaller companies. The European Commission felt that the takeover by Airtours of First Choice would lead to the disappearance of the latter as a competitor, leaving three companies in a position of collective dominance.



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The role and responsibilities of the European Commission place it firmly at the centre of the policy-making process of the European Union (EU). In some respects, it acts as the heart of Europe from which the other EU institutions derive much of their energy and purpose.

Without the 20 men and women who are its Members and the 16 000 staff who serve it, the Union would not work. The Council of Ministers and the European Parliament need a proposal from the Commission before they can pass legislation. EU laws are mainly upheld by Commission action, the integrity of the single market is preserved by Commission policing, and European policies, such as agriculture, regional development, research, educational exchanges and many others, are sustained, managed and developed by the Commission.

Often the Commission contributes with important impulses towards the further development of European integration — as has been the case for projects such as the creation of the single European currency, the euro, and the process towards the enlargement of the EU.

Members of the Commission

It is the 20 members of the Commission who provide its political leadership and direction. They bring a powerful mix of experience to their tasks, having been members of their national parliaments or of the European Parliament and, in many cases, after having held senior ministerial offices in their home countries.

They are obliged to be completely independent of their national governments and to act only in the interests of the European Union. Such impartiality and commitment enables the Commission to be an effective and honest broker, mediating conflicts of interest between Member States when needed.

The President of the Commission is appointed by common accord of the governments of the Member States, subject to approval by the European Parliament. Thereafter, the governments of the Member States, by common accord with the nominee for President, nominate the other Members. The entire Commission is then subject to the Parliament's vote of approval. The Commission's democratic legitimacy is further strengthened by the fact that it can at any time be required to resign *en bloc* by a parliamentary vote of censure.

The Commission meets once a week to conduct its business, which may involve adopting proposals, finalising policy papers and discussing the evolution of its priority policies. Commissioners are expected to give full support to all policies, even when they are adopted by a majority.

The work of the Commission

The Commission is not an all-powerful institution. Its proposals, actions and decisions are in various ways scrutinised, checked and judged by the other EU institutions. Nor does it take the main decisions on Union policies and priorities — together with the European Parliament this is the prerogative of the Council of Ministers in a number of cases.

The classic description of the Commission's role identifies three distinct functions: to initiate proposals for legislation; to be the guardian of the Treaties; and to execute EU policies and actions.

Legislative initiative

The legislative process begins with a Commission proposal — EU legislation cannot be made without one. In devising its proposals, the Commission has three constant objectives: to identify the European interest, to consult as widely as is necessary and to respect the principle of subsidiarity.

The **European interest** means that a legislative proposal reflects the Commission's judgment of what is best for the Union and its citizens as a whole, rather than for sectoral interests or individual countries.

Consultation is essential in the preparation of a proposal. The Commission is no ivory tower. It listens to governments, industry, trade unions, special interest groups and technical experts before completing its final draft.

Subsidiarity is enshrined in the Treaty on European Union and is applied by the Commission in such a way as to ensure that the Union takes action only when it will be more effective than if left to individual Member States.

Once the Commission has formally sent a proposal for legislation to the Council of Ministers and the Parliament, the Union's law-making process is very dependent on effective cooperation between the three institutions. The Commission does not have an exclusive right of initiative in the two areas of intergovernmental cooperation covered by the Treaty on European Union — common foreign and security policy and cooperation in the fields of justice and home affairs, but it participates in discussions at all levels.

Guardian of the Treaties

It is the Commission's job to ensure that Union legislation is applied correctly by the Member States. If they breach their Treaty obligation, they will face Commission action including legal proceedings at the Court of Justice of the European Communities. In certain circumstances, the Commission can fine individuals, firms and organisations for infringing Treaty law, subject to their right to appeal to the Court of Justice, for example in cases of illegal price-fixing and market-rigging cartels.

Manager and negotiator

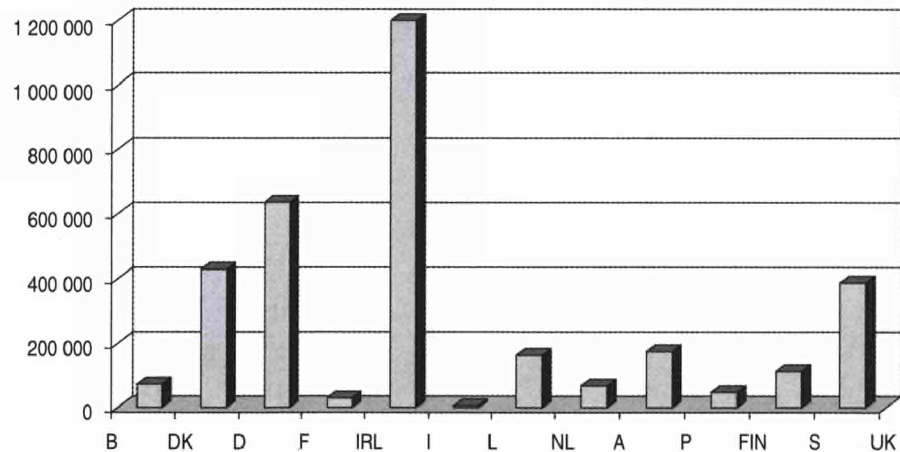
The Commission's executive responsibilities are wide: it manages the EU budget, it has delegated powers to make rules which fill in the details of certain EU legislation, and it enforces the Treaty's competition rules. The EU's effectiveness in the world is enhanced by the Commission's role as negotiator of trade and cooperation agreements with other countries or groups of countries. More than 100 have such agreements with the Union.

Services sector in the European economy Expansion of service industries

Services play an increasingly important role in the European economy. The number of enterprises varies greatly depending on the activity

Distributive trades comprised the main service-sector activity in France, Germany and the United Kingdom, but Italy had the greatest number of enterprises in the distributive trades sector. Greece, Spain and Portugal had a higher proportion of enterprises in distribution.

Number of undertakings in distributive trades, 1996 (units)



Number of undertakings, 1996 (units)

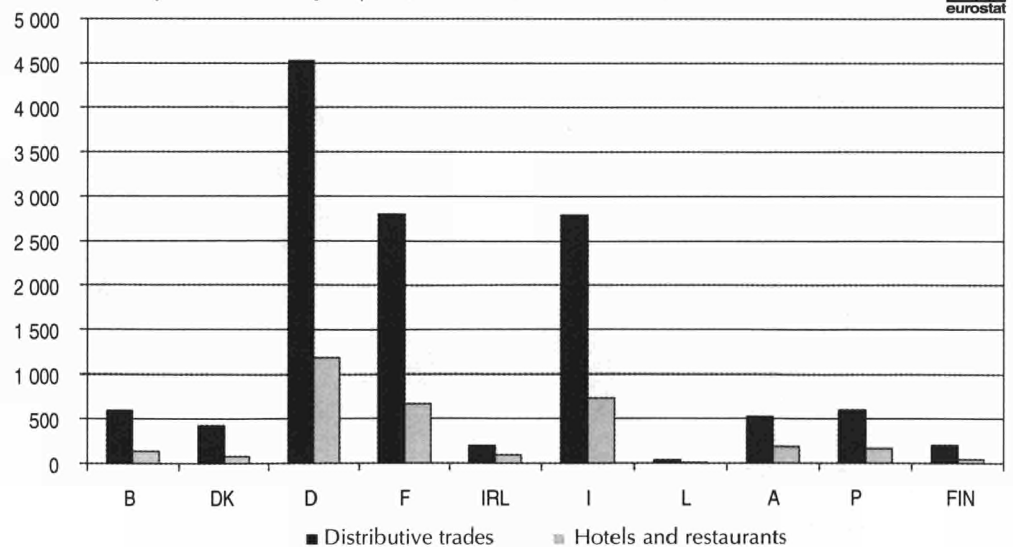
	DK ⁽¹⁾	D ⁽²⁾	F	IRL	I	L	NL ⁽²⁾	A	P	FIN	S	UK
Distributive trades	73 049	429 425	636 067	29 169	1 199 790	6 652	163 747	67 886	175 440	47 779	112 743	388 189

(1) 1995 data; (2) Distributive trades: excluding Groups 50,2, 51,1, 52,7; (3) 1995 data; distributive trades: excluding Group 51,1 and Class 52,31.

Services now provide jobs for about 100 million people in the EU

Between 1995 and 1996, France recorded the largest increase with regard to jobs in the renting sector, followed by Germany for wholesale trade in industrial equipment and Italy for retail trade. During the same period, there was a sharp reduction in France in the number of people employed in the sector of "other business activities".

Number of persons employed, 1996 (thousands)



Number of persons employed, 1996 (thousands)

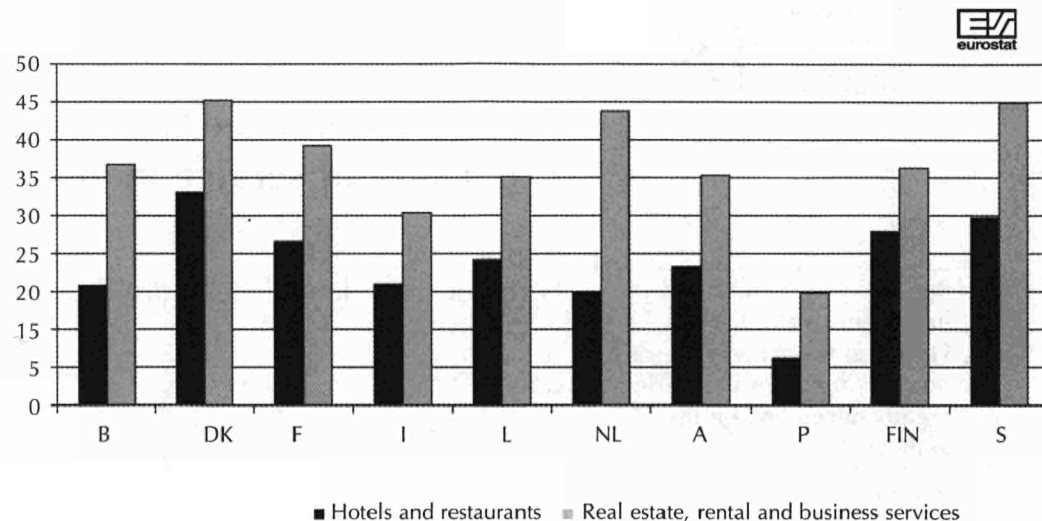
	B ⁽¹⁾⁽²⁾	DK ⁽¹⁾	D ^(2a)	F	IRL ⁽²⁾	I	L	NL ⁽¹⁾⁽⁴⁾	A	P	FIN
Distributive trades	594,4	421,6	4 529,10	2 805,20	192,4	2 798,80	35,2	1 122,60	521,4	599,9	196,5
Hotels and restaurants	139,2	78,9	1181,1	663,6	96,4	727,7	10,6	:	183,1	162,5	42,8

(1) 1995 data; (2) Distributive trades: excluding Class 52,71; (2a) excluding Groups 50,2, 51,1, 52,7; (3) Hotels and restaurants: excluding Group 52,2; (4) Distributive trades: excluding Group 51,1 and Classes 52,12, 52,31.

The highest paid jobs in services were in transport and communications, financial intermediation, real estate, renting and business services

This was the case in motor trade and retail trade in Portugal, and in the Netherlands and Denmark for some branches of retail trade. In 1996, for some activities in the EU personnel costs per employee did not reach ECU 10 000 per year.

Unit cost of labour, 1996 (ECU thousand)



Unit cost of labour, 1996 (ECU thousand)

	B ⁽¹⁾ (²)	DK ⁽¹⁾ (²)	F	I ⁽¹⁾ (^{3a})	L	NL ⁽¹⁾ (^{2a})(^{2b})	A ⁽¹⁾	P ⁽¹⁾	FIN	S ^(3c)
A	33,8	:	:	28,4	24,9	20,6	28	9,6	29,2	33,5
B	15,8	28,1	21,6	16	19,2	14,8	18,3	6,2	22,8	24,7
C	31,8	40,2	34,2	25,4	30,1	38,8	30,3	14,8	31,3	39,9

A: Distributive trades; B: Hotels and restaurants; C: Real estate, rental and business services;

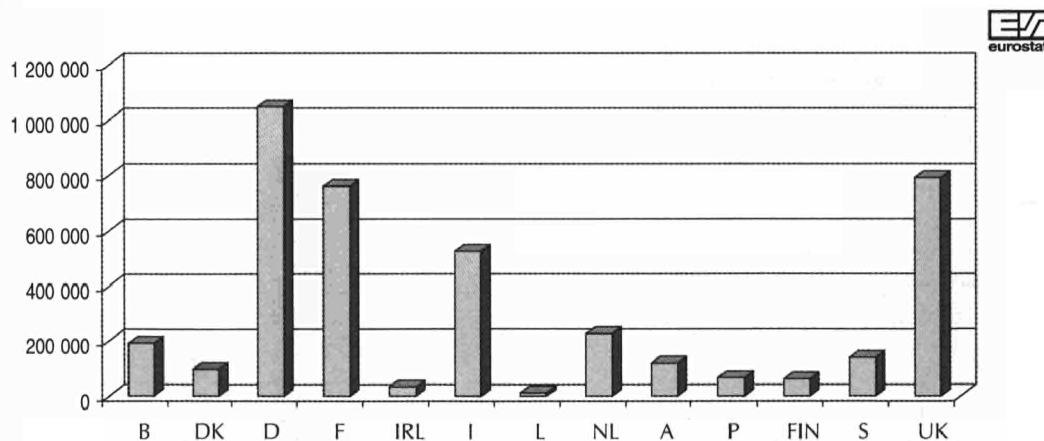
(1) 1995 data; (2) Distributive trades: excluding Class 52,71; (2a) excluding Group 51,1 and Classes 52,12, 52,31;

(3) Real estate, rental and business services: excluding Divisions 70, 73; (3a) excluding Divisions 71, 73, 74; (3b) excluding Divisions 70, 73, 74.; (3c) excluding Division 70.

Services spurring economic growth

The United Kingdom recorded the highest turnover for wholesale trade in 1996, while Germany recorded the highest figure for "other business activities". Excluding distributive trades, the highest average turnover per person employed in the hotels and restaurants sector was in Finland, although overall it was the transport and communications sector that had the highest average turnover per capita. In 1996, the figure of ECU 200 000 per capita was exceeded only in Belgium for advertising and in Luxembourg for market research and opinion polling.

Turnover (ECU million) - Distributive trades section



Turnover (ECU million)

	B ⁽¹⁾ (²)	DK ⁽¹⁾	D ^(2a) (⁴)	F	IRL ⁽²⁾	I ⁽¹⁾ (^{4a})	L	NL ⁽¹⁾ (^{2b})(^{4b})	A ⁽¹⁾ (^{4c})	P ⁽¹⁾	FIN	S	UK ^(4d)
A	191 776	97 789	1 047 783	759 736	33 940	524 958	11 780	226 068	118 959	67 194	63 061	138 774	791 579
B	6 393	3 334	41 559	38 649	3 664	30 375	700	10 344	8 383	3 410	3 411	5 859	53 064
C	30 270	6 987	49 295	131 657	6 505	86 135	2 647	32 186	20 978	9 156	14 555	35 024	91 191

A: Distributive trades; B: Hotels and restaurants; C: Transport and communications;

(1) 1995 data; (2) Distributive trades: excluding Class 52,71; (2a) excluding Groups 50,2, 51,1, 52,7; (2b) excluding Groups 50,1, 50,3, 51,1 and Classes 52,12, 52,31; (3) Hotels and restaurants: excluding Group 55,2; (4) Transport and communications: excluding Divisions 60, 61, 63; 4a) excluding Groupe 62,3; (4b) excluding Division 62; (4c) excluding Group 64,1; (4d) excluding Division 64.

□ IN BRIEF

The European Commission gave its conditional approval on 16 September to an **agreement between 16 public postal operators** — those of the 15 EU Member States, minus the Netherlands, plus Norway and Iceland. The agreement, called REIMS II, deals with the payment of the costs of delivering cross-border mail and can result in higher postal charges. It should, in principle, have fallen within the provisions of European competition rules. The Commission has nevertheless authorised it until the end of 2001, because it should lead to better service.

Organisations representing employers and workers from a specific economic sector can decide to set up a single **pension fund entrusted with managing a supplementary pension scheme**. The authorities can make affiliation to such a scheme obligatory, and give it the exclusive right to manage a supplementary scheme for the sector in question. A ruling to this effect was handed down by the European Court of Justice on 21 September, in two cases involving sectors of the Dutch textile industry, on the one hand, and Dutch transport and ports on the other.

Another step has been taken towards a **global navigational satellite system** (GNSS), which should make it possible to develop civil communications by satellite. The EU Council of Ministers authorised the European Commission on 6 October to hold separate negotiations with the United States and Russia, the only countries in the world which have systems of this type, conceived initially for military ends.

The European Commission allocated on 18 October a total of EUR 49.6 million to 41 national programmes aimed at **eradicating 14 animal diseases**, some of which have an impact on human health also. The programmes will run next year in all EU countries, with the exception of Sweden. This action will contribute in particular to the elimination of rabies, thus making it possible for pets to enter the UK and Ireland, without having to be quarantined first.

A Finnish law granting a public body exclusive rights to the exploitation of **fruit machines** does not contravene EU rules on the free provision of services. In handing down this ruling on 21 September, the European Court of Justice noted that the law in question does not discriminate between firms on the basis of nationality. Moreover, the attack on the free provision of services, which this law leads to, was justified on the grounds of consumer protection, and it could therefore benefit from the derogations provided for by EU rules.

INITIATIVES

● Improving the single market

Improving the quality of life of its citizens; increasing the effectiveness of the markets for goods and capital; creating a more favourable environment for businesses; and, lastly, making the most of the achievements of the single European market — these are the four major goals of a strategy adopted by the European Commission on 6 October. Just how they are to be reached will be the subject of a Commission proposal to the European Council, before the latter meets in the Finnish capital, Helsinki, in December. The proposal will depend on the outcome of consultations with all interested parties, which should be finished by 7 November. The end result will be targeted, short-term actions, to be updated each year in the light of the observations of individuals and companies.

● A wider enlargement

The six countries already engaged in negotiations over their entry into the EU could be joined by six others next year. The European Commission recommended to the Helsinki European Council on 13 October to embark on negotiations with Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia. The six countries that have already opened negotiations with the EU are Cyprus, the

Czech Republic, Estonia, Hungary, Poland and Slovenia. The Commission is recommending the second group of six countries on the grounds that they meet the political criteria for EU membership: democracy, the rule of law, human rights and respect for and protection of minorities. It has some reservations as regards Bulgaria and Romania, however. The former must adopt a timetable for the closure of a dangerous nuclear power station, while the latter must reform its orphanages. As for Turkey, another country which has applied to join the EU, the Commission has recommended that it be officially considered as a candidate for membership, but that measures be proposed to encourage in-depth reforms and respect for the political criteria for membership.

○ IN BRIEF

The **west European market for information and communication technologies** will grow by 9.9 % this year. This is faster than the world market (8.8 %) and the American market (8.1 %). In announcing these figures, contained in its latest study, on 18 October, the European Information Technology Observatory (EITO) observed, however, that the European ICT market — including central and eastern Europe — accounts for only 30 % of the world market, and the American market for 36 %. In the EU, services and business consultants represent the strongest element of growth, and the shortage of specialists the biggest handicap.

Eight European stock exchanges plan to set up, by November 2000, a common electronic market in shares. It would be a sort of virtual European stock exchange, displaying quotations for all shares on a single screen, and with just one price for each share. The presidents of the Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Paris and Zurich stock exchanges agreed on 23 September to launch the system, with an initial list of some 300 leading European shares. The opening hours will be harmonised from the beginning of next year; they will be from 9 a.m. to 5.30 p.m.

European manufacturing industry has benefited from European integration over the last 10 years, even though this was a period of relatively low growth and investment. This is one of the conclusions reached by the European Commission in its report for 1999 on the competitiveness of European industry, published on 5 October. Industrial reorganisation was in the direction of EU cohesion, with the small Member States on the periphery benefiting more from integration, on the whole. What is now needed is increased investment, particularly in intangibles, such as training and technology.

A proposal for the compulsory labelling of **beef** packaged for retail sale was sent by the European Commission to the EU Council of Ministers and the European Parliament on 12 October. The label would give consumers full details of the origin and subsequent handling of the piece of beef in question. This system would come into force on 1 January 2003. Less detailed information would be given as from 1 January 2001 at the latest. The current regulation, under which labelling is optional but can be made compulsory by individual Member States, will remain in force meanwhile.

SERVICES AND THE PRIVATE SECTOR IN CENTRAL EUROPE

Industrial employment declined in nearly all the countries of central Europe, between 1990 and 1997, following the fall of communism. Nearly one in three jobs disappeared. However, industry still accounted for nearly 40 % of all jobs in the Czech Republic, Slovakia and Slovenia in 1997, according to a report published by Eurostat, the European Statistical Office, on 27 September. Employment in the services sector rose sharply in the countries in question, to the point where the sector took the lead in most of them in 1997. Hungary was top of the list, followed by Estonia, Latvia and Slovakia. The private sector, which employed fewer than 10 % of the workforce in 1990 in virtually all these countries, accounted for close to 70 % of it in Poland, Latvia and Lithuania last year. At the same time over 60 % of all jobs were in private firms in the Czech Republic and Slovakia, and over 50 % of them in Bulgaria, Romania and Slovenia. But in all these countries, with the exception of the Czech Republic, most private sector jobs are in agriculture.

SEEN FROM ABROAD

► Eastern satisfaction

The leaders of the five countries of central and eastern Europe, selected by the European Commission for entry negotiations which will start next year, expressed their satisfaction on 13 October. The Commission's recommendation, published on that date, had served to stimulate and encourage them, the Slovak Prime Minister, Mikulas Dzurinda, and the Romanian Minister for European Integration, Alexandru Herlea, declared in substance. The Latvian Foreign Minister, Indulis Berzins, expressed himself in similar terms, while hoping that his country would be able to join the EU in 2005. 'We now have the same chances as the other candidate countries,' noted his Lithuanian counterpart, Algirdas Saudargas. In Bulgaria, President Petar Stoianov claimed, 'Europe has taken a step towards us.'

With a workforce of 2.4 million in 1997, **wood and wood-based industries**, which range from forests to publishing, account for 10 % of output and employment of EU manufacturing industries, according to a report published by the European Commission on 5 October. This sector, in which all EU countries have a stake, has already become more productive and environment-friendly; even so, it could do better, notes the report. The report suggests in particular the need to ensure increased recycling of waste, including paper, and greater heat recovery.

The EU Council adopted on 11 October **action plans for asylum and migration** covering five countries of origin. They are Afghanistan, Iraq, Morocco, Somalia and Sri Lanka. The plans combine development activities, economic and humanitarian aid and diplomacy. (See the box on page 2.)

How should **cars be sold** after 2002, when the 1995 European regulation, authorising the system of national dealer networks, under certain conditions, expires? In order to find out more about price differentials between the various EU countries, and the quality of service to motorists, the European Commission sent questionnaires on 20 September to the trade and consumer organisations. The Commission must draw up a report by the end of 2000. The questionnaires are on the Internet: (<http://europa.eu.int/comm/dg04/aid/en/car.htm>).

The European Commission plans to authorise **vertical agreements between producers and distributors**, when the market share of the companies in question does not exceed 30 %, with the exception of agreements which impose retail prices or fragment markets. This system would apply next year, in place of the existing regulations on exclusive distribution, exclusive purchasing and franchise agreements which expire on 31 December 1999. The Commission's plans are on the Internet: (<http://europa.eu.int/comm/dg04/entente/other.htm>).

Action will be needed on several fronts in order to maintain and, if possible, reinforce the **competitiveness of the European steel industry**. They include continuing training, environmental protection, research and e-commerce. This is the conclusion reached by the European Commission in a paper it adopted on 5 October. As from July 2002, when the Treaty setting up the European Coal and Steel Community expires, the steel industry, with a workforce of some 280 000, will no longer be subject to special European rules. Pointing this out recently, the Commission made it clear that it will closely monitor the evolution of the international competitiveness of this sector.



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