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frontier-free EUROPE

# The growing importance of EU regions

by Manfred Dammeyer, President of the Committee of the Regions

The future of Europe is invariably seen in terms of greater decentralisation. This translates, in the case of its regions, into increased influence and greater self-determination. For European Union (EU) Member States, the 1980s and 1990s were the decades of regionalisation and decentralisation. Concepts such as those of State and nation are becoming less attractive, while people's sense of identity and loyalty, which are traditionally national, are losing their importance. Nations are increasingly losing their ability to stimulate growth, ensure employment and make full use of their tax revenues. They are finding it increasingly difficult, as a result, to ensure the foundations of their own legitimacy.

## The need for a new balance

Within nation States, the political, economic and cultural role of the regions is continuously growing. Nation States can no longer recover their former strength, whether externally, through 'neonational protectionism', or internally, through a return to centralisation. It would be wrong, however, to seek to write off the nation State. A new state of affairs is beginning to emerge, for what is needed is a new balance between the three levels of power — the region, State and European Union. What we need is continuing European integration, a working nation State and stronger regions.

The experience of the EU's federal or regionalised Member States shows that the regions are better placed than the central government to resolve certain problems, as they are closer to them. Having the regions take part in the decision-making process facilitates town and country planning, makes for more balanced economic development and safeguards peripheral regions. In this way, one can pay more attention to cultural diversity. Giving regions the power to make decisions ensures that citizens play a greater role in democratic institutions.

The growing importance of the regions is linked to the fact that the political and economic environment has changed radically during the last two decades. The crisis engendered by the structural adaptation of industry and the transition to a services society, the achievement of the European single market, the progress towards the information society and the globalisation of the economy have made regional economic areas significantly more important. The regions now occupy a very important place in location, industry and employment policies. The increasingly sharp competition between economic regions over the location of economic activities is forcing them to mobilise their resources and potential.

The qualitative elements of competition weigh increasingly heavily; they are often linked to territory and marked by regional structures. The process of economic modernisation and adaptation needs decentralised structures. This has made the regions powerful actors in the global economy. The EU has created a unique single market; it wants, in addition, to implement the principles of subsidiarity and solidarity, and to respect the political, social and cultural diversity of its Member States and regions. Paradoxically, European integration is transforming all the regions into potential competitors within the EU, and simultaneously strengthening Europe's role in relation to non-EU countries. At the same time, however, the regions are cooperating increasingly with each other, across national frontiers.

## A pioneering role in the EU

The regions are also gaining in importance at the European level. A European Community which today intervenes across a broad front in order to regulate or coordinate can be effective if it contacts decision-makers in the decentralised bodies at an early stage. Significantly, the European Commission insists on the precursory role of the regions in its voluminous strategy documents, such as those on the information society and employment policy.

The aim of the Committee of the Regions is to inject the interests of local and regional authorities into the European political process. Its basic themes are proximity to citizens, subsidiarity and solidarity. The policy of strengthening economic and social cohesion represents a pillar of the EU. Studies show that, despite the EU's structural aid, the gap between its rich and poor regions has widened further. The EU must continue its programme of structural aid on a new, more effective basis. The resources of the Structural Funds must be used in such a way as to enable the weaker regions to develop and the stronger ones to carry out successfully their structural transformation. The EU's forthcoming enlargement presents its regional policy with significant challenges, which it has sought to take into account in its decisions regarding Agenda 2000, particularly the reform of the Structural Funds. Enlargement clearly must not be funded at the expense of the regions which are the weakest and most burdened with problems, while the new Member States must be included in the EU's policy of economic and social cohesion from the beginning.

## THE 'PRODI COMMISSION' TAKES OVER

The new European Commission is unquestionably in charge until the end of the year 2004. On 15 September the European Parliament voted four times to confirm Romano Prodi's nomination as President of the Commission, on the one hand, and of his 19 Commissioners on the other, until the end of this year, as well as for the five following years. The Commission which Jacques Santer presided over resigned on 16 March, but had dealt with day-to-day business until Mr Prodi's team could take over.

Here is the list of the Commission's 20 Members, with their nationalities and attributions:

- **Romano Prodi** (Italian): President
- **Neil Kinnock** (British): Vice-President — Administrative reform
- **Loyola de Palacio del Valle-Lersundi** (Spanish): Vice-President — Relations with the European Parliament, transport and energy
- **Mario Monti** (Italian): Competition
- **Franz Fischler** (Austrian): Agriculture and fisheries
- **Erkki Liikanen** (Finnish): Enterprise and the information society
- **Frits Bolkestein** (Dutch): Internal market
- **Philippe Busquin** (Belgian): Research
- **Pedro Solbes Mira** (Spanish): Economic and monetary affairs
- **Poul Nielson** (Danish): Development and humanitarian aid
- **Günter Verheugen** (German): Enlargement
- **Christopher Patten** (British): External relations
- **Pascal Lamy** (French): Trade
- **David Byrne** (Irish): Health and consumer protection
- **Michel Barnier** (French): Regional policy and, *ad personam*, Intergovernmental Conference
- **Viviane Reding** (Luxembourgish): Education and culture
- **Michaele Schreyer** (German): Budget
- **Margot Wallström** (Swedish): Environment
- **António Vitorino** (Portuguese): Justice and home affairs
- **Anna Diamantopoulou** (Greek): Employment and social affairs

## ■ A brake on State aid to companies

In order to ensure fairer competition within the EU, the European Commission decided on 8 July to tighten up the rules on State aid to firms in difficulties. Under the new guidelines, EU Member States will be able to help a given firm restructure itself only once in 10 years. New enterprises, as well as those resulting from the merger of existing firms, will no longer be entitled to State aid designed to rescue or restructure firms. Finally, Member States will have to meet stricter conditions in order to be able to extend to companies which already benefit from restructuring aid other forms of aid, such as regional aid. These provisions are already in force, on the whole, for large companies; they will also apply to other firms as from 1 July 2000. The new guidelines leave untouched the basic principles of the earlier rules, which date from 1994. Thus aid to rescue firms can only take the form of short-term loans and guarantees. Aid to restructure firms must be part of a detailed plan, likely to restore the viability of the firms in question. The new guidelines provide provisionally for the special treatment extended to the new *Länder* of eastern Germany.

## ■ Measures against late payments

Businesses and self-employed people who are victims of long delays in payment will soon be entitled to payment of interest throughout the EU. Provisions to this end are contained in a draft directive approved by the EU Council of Ministers on 29 July, pending a second reading by the European Parliament and its formal adoption. Under the terms of the directive, interest will be due 30 calendar days after receipt of the invoice, even in the absence of a reminder, unless the contract provides otherwise. EU Member States will be able to set a payment period of 60 days for some types of contract, to be determined by them, but not exceeding this period. The interest rate that would apply would be that applied by the European Central Bank to refinancing operations, plus 6 percentage points, or 8.5 % in July, for example. Victims of late payments will be able to obtain, within a maximum period of 60 days, a deed entitling them to recover their debt. The problem of late payments affects small and medium-sized enterprises (SMEs) in particular, and results in annual losses in the EU of 450 000 jobs and EUR 23.6 billion of debts, covered by overborrowing (EUR 1 = GBP 0.65 or IEP 0.79).

## ■ EUR 30 billion for rural development

Rural areas in all the EU countries will receive a total of EUR 30.37 billion between 2000 and 2006. The sum was allocated and shared out among them by the European Commission on 8 September. These funds, provided by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, will be used to finance various activities in the area of rural development. The activities in question include professional training, the diversification of activities, investments, and the processing and marketing of agricultural products as well as programmes combining agriculture and environmental protection. The sums allocated to the most disadvantaged countries and regions in the EU are relatively modest, given that they are entitled to financial support for rural development in the framework of regional aid.

## ■ 'Greener' industries and districts

Numerous industries and districts in all EU countries except Luxembourg will be able to colour their activities or districts 'green', thanks to the EUR 65 million in aid granted by the European Commission on 31 August. These funds will enable the EU to co-finance 152 projects in the framework of its LIFE programme. As many as 84 of the projects were submitted by local authorities and 59 by companies; the nine remaining projects will prepare the ground for ecological projects. Several of the industrial projects deal with waste and its recycling. LIFE is the only EU programme to support environmental protection in all parts of the EU. It has a budget of EUR 450 million for the period 1996–99. Information on the 152 projects can be found on the Internet (http://europa.eu.int/comm/life/home.htm).

## □ IN BRIEF

The existing rule on tobacco, which provides for an overall minimum **excise duty on cigarettes,** equivalent to 57 % of the retail selling price, inclusive of all taxes, will be applied more uniformly by EU Member States from now on. The EU Council adopted on 29 July a directive which facilitates the implementation of this measure, notably in the event of changes to VAT rates. In addition, the derogations granted to Sweden and, in the case of Corsica, to France, are limited to 31 December 2002.

A collective labour agreement cannot withhold certain benefits — in this case a Christmas bonus — from **persons working fewer than 15 hours per week.** Under the terms of a ruling handed down on 9 September, the European Court of Justice held that such an exclusion amounts to discrimination based on sex, banned under the European treaties, because it hits women far more than men.

By 1 January 2005 at the latest, all EU Member States will have to ban the ways in which **chrysotile,** or white asbestos, can still be used legally. After that date, its use will be permitted only in the form of the diaphragms used in certain chlorine plants. A decision to this effect was taken by the European Commission on 27 July, when it amended an existing regulation, with the agreement of Member States. A 1991 European directive banned the use of other types of asbestos.

# THE EUROPEAN UNION AND WORLD TRADE (III) [1]

## Clamping down on fakes and pirated goods

Trade is not just about goods and services, it is also increasingly about ideas, inventions, knowledge and research which lie behind the finished product. To try and prevent their work being illegally copied and passed off as the proper article, often at a considerably lower price, creators and inventors enjoy intellectual property rights. Thus, films and books are covered by copyright, brand names can be registered as trademarks and inventions can be patented.

Despite these protective measures, counterfeit and pirated goods still abound and are estimated to make up 3 to 6 % of total world trade. With technological advances, pirating and transmission of pre-recorded music has become even easier and is now thought to be worth at least EUR 4 billion worldwide.

Given that the turnover of copyright and related rights accounts for between 3 and 5 % of the Union's gross domestic product (GDP), the protection of the work of authors, performers, actors, musicians and broadcasters has assumed greater importance in recent years.

Tackling the problem has not been made any easier in the past by the fact that different countries approached the issue in different ways. The Uruguay Round was the first serious attempt through its Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPs) to get to the root of the problem.

Drawing on existing international conventions, it ensures a worldwide recognition of minimum standards of protection of intellectual property rights. Developed countries have implemented the agreement since January 1996 and developing countries will do so from 2000. As a result, the works of many artists will be protected for the first time.

## Technical conditions for products

Standards, regulations and certification procedures are guarantees for the protection of the health and safety of the consumer, the environment and product quality. For this reason, they are the essential lubricants of an efficient and transparent market economy. If the same norms apply in different countries, exporters can save valuable time by avoiding going through additional testing procedures and can cut costs by not having to adapt their products to separate markets.

But the converse is equally true and a country's failure, or refusal, to accept internationally agreed standards can result in unfair barriers to trade; hence the importance the European Union attaches to international harmonisation of standards, basing domestic standards on international ones, all to ensure their mutual recognition, wherever possible.

Legitimate demands for more stringent standards and regulations to protect the health and safety of consumers or the environment or ensure quality controls appear to be on the increase in countries around the world. The danger, however, is that these demands may give rise to heavy-handed legislation or regulations which may be out of proportion to the guarantees sought or even discriminate against imports.

In addition, in many countries the administrative systems which apply these regulations are unable to do so without hampering trade and investment flows. By contrast, there is now a trend in many developed countries to combine a high degree of protection of essential public interests with as light a regulatory environment as possible.

The Union works hard to ensure that national standards are not used as a disguised form of protectionism. The Agreement on Technical Barriers to Trade (TBT) being implemented in the World Trade Organisation (WTO) is designed to ensure that testing and certification procedures do not create unnecessary obstacles. It allows countries to adopt the standards they consider most appropriate, but encourages them where possible to follow international norms.

The WTO TBT agreement has been functioning in a fairly satisfactory manner, even though a growing current of opinion considers that its rules should be strengthened further. For its part, the Union has negotiated — and continues to do so — a network of mutual recognition agreements, whereby the testing of mandatory requirements applicable in the importing country can be done in the exporting country. This helps eliminate unnecessarily costly and time-consuming duplication of tests for imports. It also offers technical assistance to countries to help them apply the relevant regulations without these becoming an obstacle to trade.

## Trade and the environment

The relationship between trade and the environment is increasingly important. It is evolving in response to growing environmental awareness in both developed and developing countries and the realisation that trade, environment and sustainable development are inextricably linked. The interface between trade and environment policies covers many areas which affect our everyday lives, including climate change, the ozone layer, biotechnology, dangerous chemicals and toxic wastes, trade in endangered species, and methods of agriculture and fishing.

There are three aspects to the relationship: the environmental impact of trade policies; the potential effects of environmental

[1] The first part of this article appeared in issue No 6/7-1999 and the second part in issue No 8-1999.

measures on trade; and the use of trade measures to achieve environmental policy aims.

Trade and environment policies can be mutually supportive of sustainable development. Removing trade obstacles and distortions increases the overall efficiency of the world's economic system by allowing countries to specialise in sectors in which they enjoy competitive advantage, including advantages based on their particular environmental conditions. Furthermore, trade liberalisation can facilitate the spread of environmentally sound technologies, goods and services, as well as potentially making available through increased income and wealth more resources for environmental protection. Also, improved living standards and rising income levels resulting from trade can and frequently do foster awareness and appreciation of environmental values.

WTO rules allow its members to take trade measures to protect the environment within their own territory provided they are not discriminatory vis-à-vis imported products. These measures can be to protect human, animal or plant life or health, or to conserve exhaustible natural resources. Where WTO members disagree on the use of such measures, they turn to the WTO's dispute settlement mechanism to assess their conformity with the rules of the multilateral system.

Although trade measures should only be taken as a last resort and be as least trade restrictive as possible, they are sometimes essential to protect the environment. The EU is therefore pushing for a progressive, environmentally friendly evolution of WTO rules that takes full account of the growing understanding of our fragile environment and our dependence upon it.

The EU is also at the forefront in the drive to ensure that the multilateral trading system adapts where necessary to the rapidly changing needs and perspectives of today's world and does not hinder the development of environmental policy at national and international level.

The EU takes a leading role in international forums where trade and environment are discussed, in particular in the WTO's Committee on Trade and Environment. The EU believes the most effective way of addressing international problems is through a multilateral approach, in particular by multilateral environment agreements such as the Montreal Protocol on substances that delete the ozone layer, and not by unilateral trade action. Unilateral trade bans would undermine the open trading system whilst doing little to tackle environmental problems, most of which cannot be solved by one country or group of countries alone.

## Conclusion

The European Union's commitment to removing obstacles to trade and investment is clear and will become even more evident with the recent arrival of the single currency and its eastward enlargement.

There is no doubt that market liberalisation provides major gains overall. With technological advance and stronger economic links between countries, the benefits of trade and investment liberalisation are reaching an increasing number of people in industrialised and emerging economies around the world. More employees in more firms in more countries now depend more for their livelihood on cross-border trade and investment than ever before.

As the next century approaches, the Union will continue campaigning to ensure that the multilateral trading system faces up to its new challenges by further liberalising and establishing rules in the fields of services, competition and investment. This will be accompanied by a clear message: that this inevitable change can be best managed through this multilateral system, and not outside it.

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*A great deal of additional information is available on the Internet. It can accessed through the Europa server (http://europa.eu.int). See particularly:*

— *for external trade:* **http://europa.eu.int/comm/dg01**

— *for statistics:* **http://europa.eu.int/eurostat.html**

eurostat

# KEY FIGURES

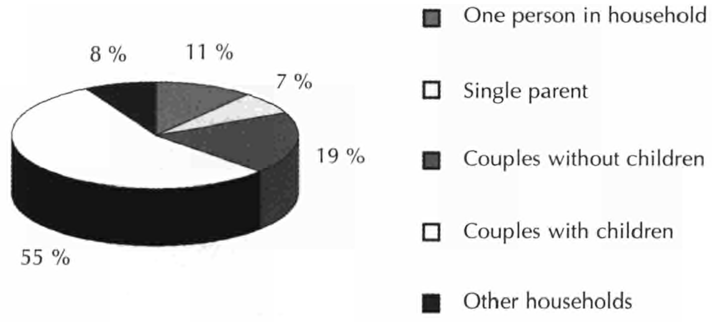
Data Shop Eurostat Luxembourg
Tel. (352) 43 35 22-51 — Fax (352) 43 35 22-221

## European lifestyle
## Advances in education but social inequality persists

***The average number of persons per household has gone down from 2,8 in 1981 to 2,5 in 1997***

The apparent reason for this is the increase in the number of people living alone: 11 % now compared with 8 % in 1981. The Swedes are the most likely to live alone (24 %), whereas far fewer Spaniards and Portuguese (4 %) opt for this way of living.
Couples with children are still the most common household type (55 %), although there is an increasing number of couples without children (19 %) and single parents (7 %).

Percentage of persons living in household types 1995(EU-15) (*)




(*) Provisional or estimated data.

**Average size of household** (1)

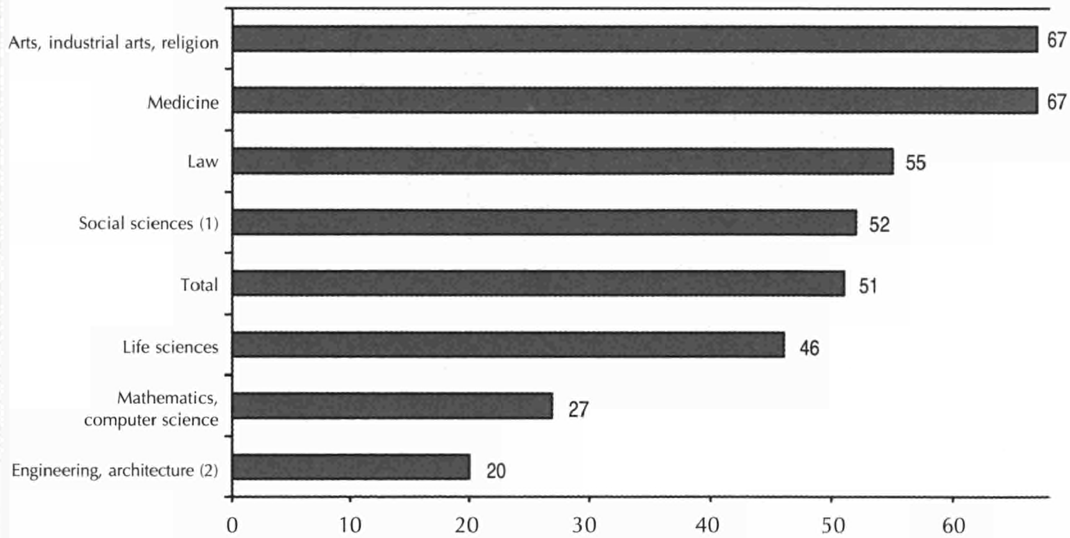
| | B | DK | D | EL | E | F | IRL | I | L | NL | A | P | FIN | S | UK | EU-15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1981/82 | 2,7 | 2,4 | 2,5 | 3,1 | 3,6 | 2,7 | 3,6 | 3,0 | 2,8 | 2,8 | 2,7 | 3,3 | 2,6 | 2,3 | 2,7 | 2,8 |
| 1997 | 2,5 | 2,2(2) | 2,2 | 2,6 | 3,1 | 2,4 | 3,0 | 2,7 | 2,6 | 2,3 | 2,5 | 2,9 | 2,1 | 2,3 | 2,4 | 2,5(*) |

(1) Data for private households.
(2) DK = 1995.

***There have been advances in the education of young Europeans, affecting women as well as men***

In 1997 some 69 % of people aged 25 to 29 had received upper secondary schooling, compared with only 47 % of those aged 50 to 59. The lowest figures were recorded in Greece, Spain, Italy and Portugal.
There are now more women than men in higher education in the EU. In Denmark, France and Sweden there are more than 120 female students for every 100 male students, and the figure is as high as 130 in Portugal. In Germany, however, there are only 80 female students for every 100 male students.

Percentage of women in higher education by area of study, EU-15, 1996




(1) Including business administration, information and documentation.
(2) Including transport and manufacturing trades.

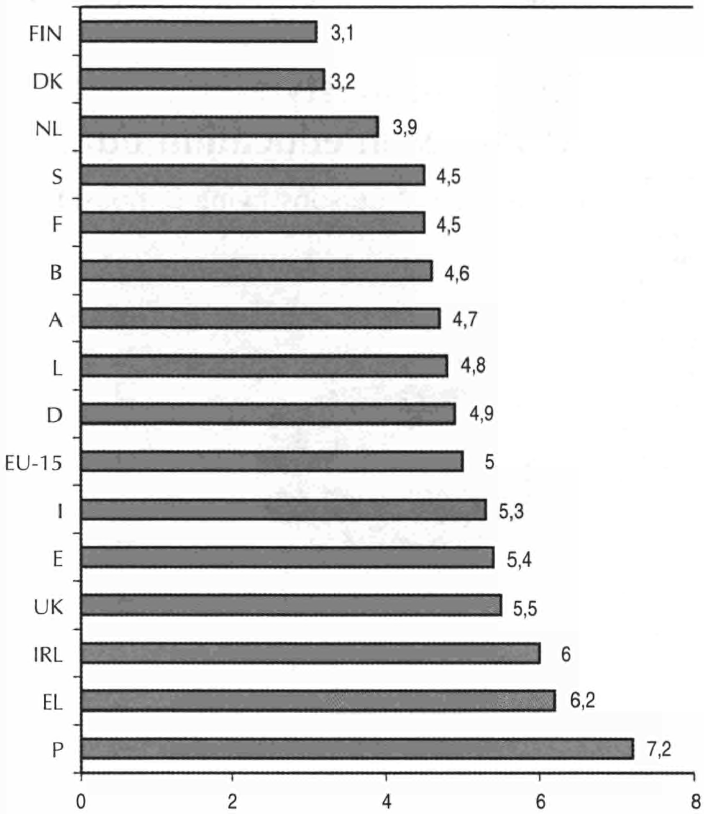
**Students in higher education (1 000) - 1996**

| | B | DK | D (1) | D (2) | EL | E | F | I | L | NL | A | P | FIN | S | UK | EU-15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 358 | 167 | 2 144 | 329 | 1 592 | 2 092 | 128 | 1 775 | 2 | 492 | 239 | 320 | 214 | 261 | 1 821 | 11 933 |

***The poorest 20 % of the EU population receive only 8 % of total income, whereas the richest 20 % pocket almost 40 %***

According to the share ratio of income inequality, the gap between the richest and the poorest is narrowest in Finland and Denmark and widest in Portugal.
The poverty rate is relatively high in Greece, Ireland, Portugal and the United Kingdom; it is lowest in Denmark, the Netherlands and Finland.

Income inequality ratio (S80/S20), 1994
Proportion of richest 20 % to poorest 20 %




**Distribution of income - Gini coefficient (%)**

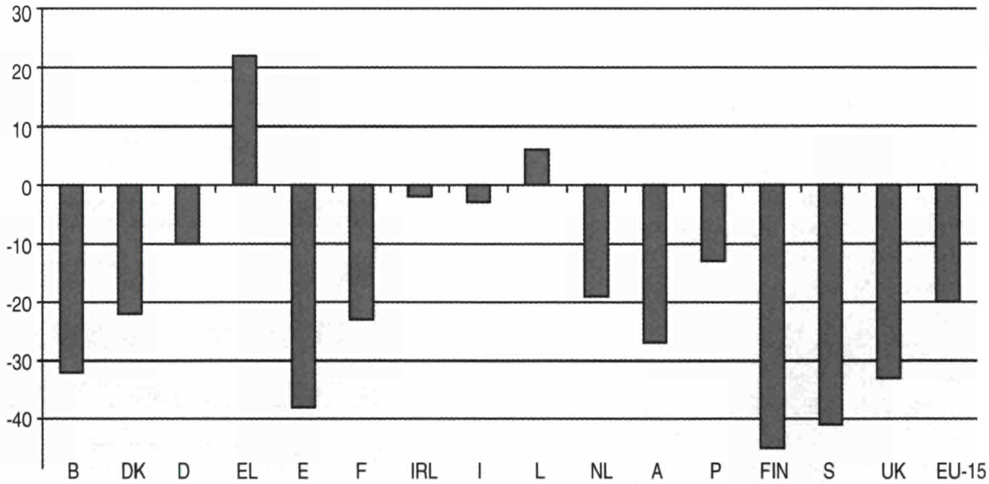
| | B | DK | D | EL | E | F | IRL | I | L | NL | A | P | FIN | S | UK | EU-15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1994** | 29 | 23 | 30 | 34 | 33 | 29 | 36 | 31 | 31 | 27 | 29 | 37 | 21 | 26 | 33 | : |

NB: The Gini coefficient ranges between 0 % (zero inequality) and 100 % (total inequality) and provides a snapshot of income distribution.

***There is a car available in 73 % of European house-holds, but road accidents account for more than 40 000 deaths each year in the EU***

Between 1989 and 1996 the number of road deaths fell by 20 %. Leading the way came Finland with an impressive reduction (-45 %), followed by Sweden (-41 %) and Spain (-38 %), while the figures in Greece and Luxembourg rose by 22 % and 6 % respectively. The death rate from road accidents throughout EU in 1996 was 115 per million.

Percentage change in road accident deaths, 1989-96




NB:Note : Data include all categories of victims(cyclists, pedestrians, motorists, etc).

**Road accident deaths per million population**

| | B | DK | D | EL | E | F | IRL | I | L | NL | A | P | FIN | S | UK | EU-15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1996** | 134 | 99 | 107 | 227(*) | 114 | 146 (*) | 125 | 117 (*) | 171 | 76 | 127 | 275 (*) | 79 | 61 | 64 | 115 |

(*) Estimate.

A national regulation which restricts **tax allowances to firms** which conduct their scientific research within the country is contrary to EU regulations. A ruling to this effect was handed down by the European Court of Justice on 8 July in a case opposing the French Government to several subsidiaries of companies from Member States other than France. The Court pointed out that EU companies are entitled to equality of treatment.

In order to be taken off the road, **end-of-life vehicles** will soon have to be turned over by their last owner to firms which will dispose of them in an environmentally satisfactory way, and this without any cost to the owner. The EU Council adopted a directive on 29 July which provides for just such a system. It would come into force from 1 January 2001 for vehicles put on sale from this date onwards, and from 1 January 2006 for vehicles put on sale before 1 January 2001. The text has yet to be examined by the European Parliament.

A decision of the EU Council of Ministers to refuse Heidi Hautala, a Member of the European Parliament, access to a report on arms exports was quashed by the European Court of First Instance on 19 July. The Court held that the Council should have considered communicating parts of the report to Mrs Hautala. It noted that the public must have the **widest possible access to EU documents,** with exceptions to this principle being interpreted restrictively.

The European Commission has questioned the **maps of regional aid to enterprises,** which the Belgian, French and Dutch Governments have proposed for the years 2000 to 2006. It therefore opened proceedings against Belgium and France on 20 July, and the Netherlands on 28 July. The Commission accepted the German programme of aid to the new *Länder* in the east of the country, but opened proceedings on 29 July as regards the proposals for the *Länder* in the western part and Berlin. EU competition rules do not allow Member States to aid prosperous regions.

**The Dutch system of fixed prices for books**, in operation since 1 May 1998, is in keeping with EU competition rules, the European Commission concluded on 9 September, closing a case it opened last year. The system, which was amended at the Commission's request, no longer covers books purchased in Belgium. France operates a similar but purely national system. Those in operation in Germany and Austria are still under examination.

## INITIATIVES

### ● A progress report on the euro

The first euro banknotes were printed on 15 July. The first euro-area countries to print them were Belgium, Germany, Spain, Italy and the Netherlands. The other countries that adopted the euro on 1 January — France, Ireland, Luxembourg, Austria, Portugal and Finland — should begin production in the coming months. Euro coins have been minted since the spring of 1998. Some 13 billion banknotes and 56 billion coins will be needed by 1 January 2002, the date on which both notes and coins are to be put into circulation. And who is using the euro? In a report published on 28 July, the European Commission highlighted its importance for financial markets. Euro-denominated international bond issues accounted for 45 % of bond issues worldwide. What is more, a recent study has shown that more than 35 % of businesses participating in the euro are systematically showing prices in both euro and their national currency when invoicing customers. Even so, the Commission's report notes that preparations for the euro by firms present a number of shortcomings. Most small and medium-sized enterprises in particular prefer to wait until the end of 2001 before switching their accounts to euro. This creates the risk of bottlenecks in the IT sector, for which other sectors would have to foot the bill, according to the report. As for the period when both euro and national currencies will be in circulation, the report notes that most euro-area countries would like to shorten it to between one and three months from 1 January 2002. This consensus was confirmed by EU Finance Ministers at their meeting from 10 to 12 September.

### ● Draft recommendations on employment

The European Commission proposed to the EU Council of Ministers on 8 September its very first detailed recommendations to Member States on their employment policies. Such a step was made possible by the new Amsterdam Treaty, in force since 1 May. The recommendations draw on a report, published at the same time, which examines the way in which Member States have implemented their 1998 national employment plans and the 1999 European employment guidelines. The Commission also submitted the guidelines for the year 2000. They take up the four existing themes — integration into the job market, adaptability to change, entrepreneurship and equality of treatment for women and men. The guidelines also stress unemployment prevention, access to the Internet and to information technologies in general, the modernisation of the way in which work is organised, and the role of public employment services at the local level. They also suggest keeping older workers in working life.

### ● Money laundering: widening the net

The 1991 directive on combating the laundering of drug money by banks has borne fruit. The European Commission has now proposed that it be extend to dirty money in general, whatever its source. If adopted, the Commission's proposal, made on 14 July, would require other sectors to take the same measures as the banks as regards monitoring and notification. These sectors include estate agents, external account auditors, lawyers, members of the legal profession who carry out financial transactions, casinos, dealers in precious stones and metals and security firms engaged in the transport of funds. At the same time, European associations of lawyers, chartered accountants and auditors signed a charter to combat organised crime on 27 July. Its targets are money laundering, corruption and fraud. The charter, designed to support the action of both the EU and its Member States, sets out ethical principles and precautionary obligations. It also provides for surveillance and alarm systems, as well as forms of advice.

### ○ IN BRIEF

What does it mean to be an **EU citizen** now that the Amsterdam Treaty has been in force since 1 May? The European Commission has clarified the right of residence and freedom of movement in a document available on the Internet (http://europa.eu.int/comm/dg15).

Harmonising the rules which apply to the **distance selling of financial services** throughout the EU — by mail, fax, telephone and over the Internet — is the aim of an amended proposal for a directive submitted by the European Commission on 26 July. The text incorporates the amendments by the European Parliament for the better protection of consumers. The services in question include banking, insurance and investments.

To simplify and accelerate the **recognition and execution of the legal decisions** of one EU country in another is the main purpose of a proposal for a regulation submitted by the European Commission on 14 July. Once it has been adopted, the text would replace and update the 1968 Brussels Convention, as it takes into account new activities, such as electronic commerce.

Is it necessary to review EU rules on **the manufacturer's liability for defective products,** as demanded by the European Parliament? The Green Paper which the European Commission published on 28 July has a twofold aim: firstly, to learn as much as possible about the implementation of the two existing directives, and, secondly, to sound out all those concerned as to possible modifications to them. The Green Paper can be consulted on the Internet (http://europa.eu.int/comm/dg15/en/index.htm).

Interested persons, companies and bodies can forward their observations to the Commission until 28 November.

To establish coherent rules for **electronic commerce** throughout the EU is the goal of the European Commission's amended proposal for a directive which it submitted on 1 September. The text takes into account the European Parliament's amendments reinforcing consumer protection. It is on the Internet (http://europa.eu.int/comm/dg15).

Differences between EU Member States as regards **motor car prices,** expressed in euro and exclusive of taxes, were greater on 1 May 1999 than six months earlier. This was largely because of the strength of sterling, which has remained outside the euro area, according to the latest six-monthly European Commission report, published on 22 July. A shortened version of the report is available on the Internet (http://europa.eu.int/comm/dg04/aid/en/car.htm).

The same website contains the telephone numbers, provided by car manufacturers, for motorists wanting to buy a car in a Member State other than their own.

How can the **information technologies (ITs) be put to best use in tourism?** A conference to be held in Brussels on 12 November will try to answer the question. Full details are on the Internet (http://europa.eu.int/en/comm/dg23/tourisme/events/events.htm).

In 1996, **hourly labour costs in industry** amounted to ECU 20.2 on average in the EU, with a maximum of ECU 26.5 in Germany and a minimum of ECU 6.1 in Portugal. The corresponding figure for the United States of America was ECU 17.4 and for Japan ECU 19.7. This information appears in a report published by Eurostat, the Statistical Office of the European Communities, on 29 July.

## SEEN FROM ABROAD

### ▶ Switzerland: drawing closer?

The two houses of the Swiss Parliament adopted on 30 and 31 August the seven sectoral agreements designed to regulate relations between the Confederation and the EU in fields ranging from the free movement of people to transport. The definitive adoption of these agreements could require a referendum, if at least 50 000 Swiss citizens were to call for one before January. In addition, the new Swiss Foreign Minister, Joseph Deiss, declared on 4 September that in an increasingly integrated Europe his government could not follow policies which differed from those of neighbouring countries. Mr Deiss called for Swiss membership of the EU.

### ▶ From Warsaw to Prague

The Polish Government adopted on 13 July a seven-year programme to reorganise agriculture, so as to prepare the country for EU membership. On 9 September, the Polish Parliament voted for the government's policy of integration into the EU, which aims at Poland's entry into the Union on 1 January 2003. There were 211 votes for integration, 52 against and 143 abstentions. The lower house of the Czech Parliament, for its part, adopted on 8 July, by 127 votes to 52, the EU's Social Charter, which sets out labour law standards that candidates for membership must incorporate into their national legislation in order to join the EU. Poland and the Czech Republic are currently engaged in membership negotiations with the EU.

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