

The Commission's work programme for 1989

Small and medium-sized enterprises (SMEs) constitute the basis of Europe's economic fabric, whatever their field of activity or the regions in which they are located. As they have created most of the new jobs and are highly adaptable, it is vital that the Commission continue to take specific action in favour of SMEs.

To give an added dimension to this policy, the Commission has proposed a four-year plan (1990-93) to the Twelve. Its main objectives include the suppression of the excessive constraints on the creation and growth of SMEs; a greater information flow and steps to promote cooperation between enterprises. The Commission is seeking a total of ECU 135 million for this purpose.

The Commission regards it as essential to continue to strengthen the Euro-Info-Centre project, which has given encouraging results, by increasing its geographic coverage. The present network of 39 centres should be extended from May of this year, in order to interest gradually all regions of the Community.

1989 and 1990 will also witness the experimental phase of the Business Cooperation Network, BC-NET, which helps enterprises cooperate on an interregional and even cross-border basis. The Commission will do all it can to ensure that this system for bringing SMEs together achieves its full potential.

The Commission will also be active in the field of subcontracting in three key areas. It will see how best to improve communication between firms interested in working together in this way; modernize techniques and encourage transborder trade and exchanges.

The Commission takes the view that the 1992 deadline must be especially well prepared by SMEs. They must be in a position to prepare in advance a strategy that will enable them to meet the additional competition as well as the new opportunities that will result from the single market. An experimental action plan will be implemented for training heads of SMEs in strategic management.

As regards government procurement, it is essential that the participation of SMEs be guaranteed, given their major role in economic activities at the local level.

The Commission will draw up guidelines for the Member States. Finally, it will look at the various elements of the social economy — associations, cooperatives, mutual benefit societies — in order to see what opportunities the creation of a single market offers them, and its likely effects on them.

Europartnership 89 in Andalusia: publication of a catalogue

Andalusia (Spain) will host Europartnership 89. To help local firms exploit the advantages of the internal market, Europartnership has published a catalogue containing the proposals for cooperation put forward by them. This catalogue is being distributed through the Business Cooperation Network (BC-NET), the Euro-Info-Centres, the Enterprise and Innovation Centres and Chambers of Commerce. A business cooperation fair will be held at Torremolinos this June (22 and 23), with participants from all the Community's Member States.

Five Enterprise and Innovation Centres set up

The European Commission has helped set up five new Enterprise and Innovation Centres in Salerno and Ascoli Piceno (Italy); Seville and Pamplona (Spain); and Patras (Greece).

The centres, promoted by the Commission, are located in regions of industrial regeneration. Their aim is to facilitate the economic revival of their regions through the promotion of new, job-creating activities. The centres offer a complete range of support services for SMEs. They actively help new companies launch themselves, for example, and train entrepreneurs in business planning and management.

The new centres take their place alongside the 27 which already exist in Belgium, France, the Federal Republic of Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain and the United Kingdom.

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Jacques Delors: 'Making a success of 1992 is still our obsession'

The European Commission's 1989 programme

1989: The year opens with the Twelve hardening their stand on several of the '1992' dossiers and with preparations for elections to the European Parliament in June. European Commission President Jacques Delors highlighted these two factors when he unveiled the Commission's annual programme before the European Parliament on 16 February.

After the undoubted successes recorded in 1988 on the road towards '1992' the Twelve now find themselves facing especially sensitive issues. This is the case notably as regards taxation. 'Community legislation' in this field requires a unanimous decision of the Twelve. London is not alone in threatening to use its veto; so is Luxembourg, which has never done so in the past. But the single market continues to have top priority for the European Commission; its President, Jacques Delors, would like to 'clarify the stakes' with the Member governments.

As for the elections to the European Parliament in June, they must 'further public awareness', according to Mr Delors. It is to be hoped that the stakes for '1992' will not be appropriated by the political parties for their own ends. The European Commission, for its part, has highlighted the elimination of controls at the Community's internal frontiers in its 1989 programme. Their elimination is seen by the Community's 322 million citizens as a matter of priority.

The European Commission must submit to the Twelve this year proposals for the remaining 10% or so of the '300 measures' envisaged in the White Paper which they approved in 1985. It must also get the Twelve to adopt the maximum number of 'European laws', so that the programme as a whole can be completed by the end of next year. The two years which would remain would allow the Member governments to translate the Community directives into national legislation.

But preparations for the single market do not stop there. President Delors has pointed out that its realization 'cannot be separated from the other objectives of the Single European Act' (the reform of the EC Treaties in force now for 18 months). The Commission therefore sees 1989 as a year in which the rules of the game for the single market, ranging from consumer protection to company mergers, must be drafted and adopted. It implies further progress in other fields also, such as cooperation between European companies and the coordination of the economic policies of the Twelve, and requires support for regional development conceived at Community level.

Nor is this all. In 1989 the Commission must also specify the rules that are to govern the Community's trade relations with third countries. The 1992 programme has made some of the Community's trading partners uneasy and others impatient.

The Commission President summed up its 1989 work programme with the words, 'Our priority — I would even say our obsession — remains the success of the 1992 target'.

This issue of *Target 92* was completed on 22 February 1989.

Decisions

■ 40 new RACE projects

The European Community has moved a step closer to the European wideband network it foresees for the 1990s, when the marriage between computers and telecommunications will provide an entire range of services, including videoconferences and high-speed facsimile transmission. On 2 February the European Commission approved 40 new projects to be carried out under the Community's RACE programme,¹ which brings together nearly all its PTTs and equipment manufacturers. While the 48 projects launched last year covered the basic technologies and standards required for the future network, the new projects are aimed at finding applications for this new technology in such fields as banking, transportation, medicine and the audiovisual industry. So far the Commission and the participants in the various projects have together committed some 90% of RACE's budget of ECU 1 100 million.²

■ A new EC Court of First Instance

A supplementary budget of ECU 3.5 million, adopted by the European Commission on 9 February will enable the new European Community Court of First Instance to begin work from this September. The Court, established last year by the EC Council of Ministers (see Target 92, No 6/88), will handle some 25% of Community cases, especially those involving competition rules, leaving the others to the Court of Justice. This should make the Community's legal system more efficient, at a time when the moves to complete the single market are adding to Community legislation, and therefore to the number of court cases.

■ An EC-compatible GNP

Economic comparisons between the European Community countries are difficult unless all 12 of them calculate their GNPs in the same way. The directive which the EC Council of Ministers adopted on 13 February requires them to follow the same definitions and accounting procedures and to collect the necessary statistics according to harmonized rules. The end result should be more reliable information on which to base the coordination of the economic policies of the Twelve, regarded by them as indispensable in the context of the single market. For the time being, the new system will make it easier to take the GNP into account when establishing the Community's budgetary receipts, on the basis of the methods which have been applied since 1 February 1989.

Initiatives

● A withholding tax on savings

The European Commission has proposed two regulations, which should ensure that the liberalization of

¹ Research and development in advanced communications technology in Europe.

² 1 ECU: UK £ 0.64 or IR £ 0.78.

capital movements, set by the Twelve for 1 July 1990 (1992 in the case of Greece, Ireland, Portugal and Spain), does not encourage tax evasion and capital flight to EC countries which do not tax savings as heavily. Under the first, there would be a 15% withholding tax on bank deposits and bonds; the second would allow tax inspectors to obtain information from their colleagues in other Member States in cases where fraud was suspected. The Commission's proposals are not aimed at dividends from shares or the small saver; also excluded are those resident outside the Community. Nor do the proposed regulations affect the system of mandatory declarations by the banks in force in Denmark, France, the Netherlands and Spain. Their adoption requires a unanimous decision of the Twelve, however. 'Not easy, but not impossible either', according to Christiane Scrivener, the European tax commissioner. Her proposals are opposed by London and Luxembourg.

● High-speed trains for the single market

London to Paris in under three hours and to Brussels in just two and a half hours; and Brussels to Amsterdam in 90 minutes. Timings such as these will be normal in 1995, the first stage of the proposed high-speed rail network presented at the end of January by the European Railway Community, whose members are the railways of the 12 European Community countries plus Austria and Switzerland.

The second stage, set for the year 2005, will see the EC's northern regions linked to Spain and Portugal. In the third stage (2015—20), passengers will be able to travel between Hamburg and Copenhagen in three hours and from Paris to Madrid in under eight hours. The directors of Europe's railways are confident that the single market will stimulate rail travel between the major cities, while motorways and skyways become increasingly congested. They point out that a European high-speed rail network would be rapid, safe and economic. Its creation would require an investment of ECU 90 billion, which works out to ECU 10 per European per year. Some ECU 15 billion have already been committed. Financing the 'missing links', which include lines across the Alps to link France and Germany, on the one hand, and Italy on the other, and the sea crossing between Germany and Denmark, will present a major problem.

● Community-wide protection for plants

In order to ensure the free movement throughout the 12-nation European Community of chemical or biological pesticides, the European Commission sent the Council of Ministers a proposal in mid-February which seeks to do just this by means of a Community list of harmless substances. Each Member State would accept products recognized by another within a period of two years at most. However, in order to take regional characteristics into account, it could ban the use of a product recognized by the Community.

● A Community police to fight fraud?

The elimination of controls at the European Community's internal frontiers should not make fraud at the Community level easier — through the use of false declarations to obtain subsidies from the EC budget, for example. The danger is best met through close cooperation between the Twelve and the European Commission, according to virtually all the experts who took part in a public hearing.

The theme of the hearing, organized by a Committee of the European Parliament in Brussels at the end of January, was fraud in the Europe of 1992. Commission President Jacques Delors expects that within two years national authorities will have begun to collaborate effectively with the Commission's own anti-fraud squad, set up last September. Should this prove not to be the case, he plans to propose the creation of a Community police force to combat fraud.

● A council of European architects

The heads of the bodies representing architects in seven European Community countries (Belgium, France, the Federal Republic of Germany, Luxembourg, the Netherlands, Portugal and Spain) decided to set up a European council of architects at their meeting in Brussels on 3 February. The council, which the five remaining EC countries are expected to join, will have the task of promoting the interests of the profession among the Community's institutions. It will have a rotating presidency, the nationality of the president being the same as that of the EC Council of Ministers.

The existing liaison committee of European architects will be attached to the Council and act as a think tank, leaving the council to play a more active role. Architects, who value their independence and the cultural aspect of their profession, fear that they will be reduced to the status of 'subcontractors' to builders with the liberalization of public procurement.

● BRIEFLY

● The European Trade Unions Confederation (ETUC) set up a technical bureau on health and safety in February. Its task will be to draw up and defend the views of trade unions during the preparation of European Community standards for offices and factories in preparation for '1992'.

● Trade unions representing customs employees asked the Governments of the EC countries on 31 January for negotiations to ensure that those of their members who are either transferred or offered early retirement at the prospect of the single market do not suffer a loss of income. The unions are represented in the European trade union committee of public services.

● Since January of this year eight dailies are publishing the same job offers under the heading 'European careers'. They are *The Independent* (UK); *Le Soir* and *De Standaard* (Belgium); *Le Monde* (France); *Süddeutsche Zeitung* (Germany); *Corriere della Sera* (Italy); *NRC Handelsblad* (The Netherlands) and *El Pais* (Spain).

● The Italian Parliament adopted legislation aimed at speeding-up the translation of Community rules into national law in mid-February.

● A guide to the 1992 project, entitled 'The single European market — its rules and operation', has just appeared in French and Italian. It is written by Alfonso Mattera, a professor of European law who is responsible for the elimination and prevention of obstacles to the free movement of goods in the European Community.

● The school of journalism in Aarhus (Denmark) is organizing four courses on '1992' for journalists who write about European integration only occasionally. The courses will be held between the end of March and mid-April.

● Danish employers' organizations and trade unions from the mechanical engineering industry have joined forces to produce a video entitled 'The internal market — on paper and in practice'. It covers all important aspects of the subject for this industry, especially the directives on machines.

Seen from abroad

► Israel and the challenge of '1992'

To meet the challenge of the single European market, Israel's finance minister, Shimon Peres, presented a plan to relaunch the country's economy. One of its main targets is a reduction in the inflation rate to 'European' levels—less than 10%, as compared to 17% at present. The austerity programme also provides for a reduction in government spending, privatizations and a liberalization of the capital market.

It is not a coincidence that trade in manufactured products between the EC and Israel has not been subject to either tariffs or quotas since 1 January 1989.

► American hopes and demands

The United States, the European Community's 'best client', is looking for a seat at the table at which decisions regarding the 1992 single market are taken, Mr Robert Mosbacher, the new commerce secretary in the Bush Administration, declared in Washington on 14 February. The American demand led Sir Roy Denman, the head of the European Commission's delegation in Washington, to point out that 'no sovereign State can give a foreign power an institutional right to have a hand in the drafting of its own legislation'. Sir Roy added that every American can express his viewpoint informally to the Community authorities.

Two weeks earlier, on 31 January, the *Wall Street Journal* had advised American companies on how to obtain what they needed for 1992. The method: by bringing Community officials round to their point of view.

Small and medium-sized companies specializing in the advanced technologies and located on the East Coast have expressed interest in the single market. The majority of the 1 200 companies polled by the Bank of Boston intend modifying their export strategy in the light of '1992'. This involves investing in the EC during the next two years for most of them.

► BRIEFLY

● The Swiss agency serving the country's exporters (OSEC) has announced that its information service on the European Community, launched in the spring of 1988, is already overloaded. The announcement was made during its annual press conference in Lausanne on 8 February.

● In a study published on 1 February, the Centre for Economic and Political Studies in Stockholm considers that Sweden must ask to join the European Community. The study underlines industry's concern in the light of '1992'.

● Australia, concerned by the creation of the single European market, is determined to strengthen its commercial ties with Europe. A declaration to this effect was made by the country's trade and industry minister, John Button, during a German-Australian seminar held in Munich on 15 February.