COMMISSION OF THE EUROPEAN COMMUNITIES
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Monthly newsletter on the single internal market

target 92

Competition in the electricity and gas markets

■ by Sir Leon Brittan, Vice-President of the European Commission

We are building an internal market for goods and services in the Community. But what about essential forms of energy such as gas and electricity? Can we really say that they flow as freely across borders as is the case with other modern factors of production? When I arrived in Brussels in 1989 I did not see very much competition in the energy field. What I saw was that the 12 Member States were pursuing energy policies rooted in their own traditions and reflecting their own responses to the recent oil crises.

We have spent some time in the Commission considering how best to open up electricity and gas markets. There is now a clear vision of where we want to go. Time is short, because energy cannot lag behind progress towards the completion of the rest of the internal market and the end of 1992 is less than 20 months away. I want to see open competition in electricity and gas within two fundamental constraints: the need to provide security of supply and the related public service obligation of universal, uninterrupted provision.

On the issue of security of supply, our Member States generally have chosen to protect about 20 % of electricity production by reserving it in various ways to domestic primary energy sources. We will move to a Community security of supply system as the internal market takes hold and indeed the opening up of markets within the Community will contribute to overall security of supply for one and all. What we say for the time being, though, is that Member States should protect no more than 20 % of electricity production on security of supply grounds. This figure should come down to 15 % as soon as possible to reflect the Community's progress.

The public service obligations of companies operating in the energy sector vary from country to country, but a common commitment to safe, uninterrupted supply is discernible throughout the Community. There is absolutely no reason why a competitive regime, accompanied by the necessary regulation imposing certain indispensable constraints, should not satisfy these requirements.

To achieve this founding fathers of the European Community have given us the Treaty of Rome. The competition and internal market rules are both clear and sufficiently flexible to take account of a complex sector's specific characteristics. Where new legislation is needed, for example in the field of technical arrangements for the interconnection of grids or networks, the Treaty provides for that too. Let me focus briefly on the competition aspects.

There is no doubt that it is already against the law for companies to get together to set prices, divide markets or agree to provide goods or services in a certain way or not to provide them to certain parties or in a particular manner — unless the Commission grants a waiver for specified and defined reasons. The same may be said of long-term exclusive supply agreements which foreclose market access opportunities for others. It may also be against the law to set non-competitive prices or to refuse supply or service. There are also many other applications of normal competition principles to energy markets which will help us towards our goal, but two recent developments merit particular attention.

First, we have begun legal proceedings against a number of Member States which maintain import and export monopolies for electricity and gas. This is the obvious place to start in a move towards a genuine internal market. The freedom to trade across borders is so fundamental to the Community's endeavour that we need this first step as a platform for what will have to follow.

The second recent development is the judgement of the European Court of Justice upholding the Commission's directive abolishing certain exclusive rights granted by Member States to companies in the telecommunications sector.

So I hope you will see that the European Commission has a full panoply of legal instruments at its disposal to open up competition and trade in electricity and gas.

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JUNE 1991
The text of this issue was completed on 14 May 1991.

DECISIONS

■ EC protection for software

Soon computer programs will enjoy the same protection against piracy throughout the 12-nation European Community. On 14 May the EC Council of Ministers unanimously adopted a Directive granting the authors of computer programs copyright protection for a period of 50 years. This is the first 'European law' under the 1992 programme dealing with copyright. It is badly needed, given that software piracy cost seven EC countries — the 'Big Four', Spain, Belgium and the Netherlands — some US$ 4.5 billion in 1989. Only five Member States already have specific copyright protection systems for computer programs; in five others draft bills are being prepared. The new directive avoids a multiplicity of different national laws. Twelve must now transpose the Directive into national laws as quickly as possible.

■ Telecommunications: a single market in terminals

The single market in faxes, teletexts and other telecommunications terminal equipment is now ready. On 29 April the EC Council of Ministers adopted the last Directive ('European law') needed to eliminate national borders in this sector. This 'law' brings the relevant national laws in force in the 12 EC countries more into line with each other, in terms of the requirements that will have to be met by all the terminals marketed in the Community, including notably user safety, the safety of employees operating public telecom networks and the compatibility of the terminal equipment with the requirements of these public networks. The Directive guarantees the mutual acceptance by the Twelve of equipment which meets the requirements in question, as well as the right to connect this equipment to national public networks without further formalities. To ensure that the requirements in question are met by the Twelve, the Directive harmonizes national procedures regarding certification, testing, marking and checking of terminal equipment.

■ Company mergers: Decision No 1

The European regulation on company mergers, in force since 21 September 1990, was applied for the first time on April 12. The European Commission authorized the merger of two suppliers of telecommunications equipment: the French firm Alcatel and Telettra, a subsidiary of the Italian company FIAT. But the Commission's approval was dependant on the application of several measures aimed at maintaining free competition on the Spanish market for transmission equipment. Telettra and Alcatel would together have 80% of the market, while the largest purchaser in the country of the equipment in question, the telephone company Telefonica, was a shareholder in Telettra and Alcatel-Spain. The European Commission secured an undertaking from Alcatel to buy back the shareholding in question in Telefonica, on the grounds that there was a risk of a dominant position and privileged access to the Spanish market. At the same time the Commission obtained assurances from Telefonica that it would pursue a diversified purchasing policy. It should be pointed out that the 'European law' on merger control is aimed only at operations between two companies with a worldwide turnover of at least ECU 5 billion (1 ECU = UKL 0.69 or IRL 0.77).

EUROPE IN THE YEAR 2000

A majority of Europeans believe that Europe will be truly European in the year 2000, according to the Eurobarometer poll No 35 carried out in March in all 12 European Community countries. In the view of 64 % of its citizens the Community will have a single currency by then, while according to 62 % of those polled while nationals of a Member State will be able to live, work and study without restrictions throughout the Community. In the view of 58 % of Europeans the Community will even have its own military intervention force. Those polled came out strongly in favour of a common defence policy (62 %), European citizenship, a single currency (60 %) and a common foreign policy (57 %). In each case those in the 'opposition' hardly exceeded 20 % of those polled at the Community level. There was a majority in favour of European policies and institutions in every EC country except for two. There was opposition in the United Kingdom to a common defence policy and in Denmark to European citizenship and foreign policy.

INITIATIVES

● Liberalizing capital movements

The Spanish and Greek Governments decided on 17 April and 3 May respectively to liberalize capital movements in their countries. These measures, which are already in force, are (i) making life much easier for the inhabitants of both countries and (ii) drawing the two countries closer to the single capital market which has been in operation since 1 July 1990 between eight European Community countries — The Benelux, the United Kingdom, Denmark, France, Germany and Italy. Since 6 May Greek residents can carry with them as much money as they like when travelling abroad. In addition, they can purchase property as well as transferable securities outside Greece, without restrictions. Greece was required to take these measures under the terms of the loan which it was granted by the European Community in February this year (see Target 92, No 4/91). Since 18 April Spanish residents have been able to open bank accounts in all the currencies quoted in Madrid. What is more, non-residents will be able to ask for loans in Spain. It should be pointed out that Greece and Spain, along with Ireland and Portugal, have until 31 December 1992 to liberalize capital movements totally.

● Border-free consumer centres

Those living in south-west Belgium now have at their disposal two 'border-free' consumer information centres, one located at Mons, the other at la Louvière. Known officially as 'local transborder consumer centres', they were inaugurated on 3 May by the European Commissioner for consumer protection, Karel Van Miert. Centres such as these two, which are located near one of the Community's internal borders, can keep consumers abreast of European and national legislation of interest to them and provide them with information on the products and services available on both sides of the frontier, as well as on prices and guarantees. In the event of cross-border disputes, the information centres can tell the persons involved of the possibilities of appeal, help them and, in the longer term, contribute to the improvement of existing procedures by informing the competent authorities of the problems faced in the field. Set up on the initiative of local groups, the two Belgian information centres are linked to the European consumer agency in Lille (northern France), which opened this January (see *Target 92*, No 3/91). In two or three years all the regions close to the Community's internal borders will have their own information centres, so that those living in these regions can take advantage of the single market with full knowledge of the facts.

● A European system of minimum incomes?

On 7 May the European Commission proposed to the Twelve the creation of a national system of minimum incomes, which would meet basic European guidelines. The Commission's aim is to harmonize upwards national systems of social protection and to fight against the marginalization of the destitute. Thus each EC government would have to guarantee minimum resources to all those legally resident in the country and living on an income below a given level. The persons concerned would be entitled to this minimum income as of right and for as long as they meet the necessary conditions. This right would include access to social security, housing and training. The Commission's proposal is in the form of a 'recommendation', and is therefore not legally binding, given that social protection is still largely within the competence of the Member States. The recommendation must be adopted unanimously by the Twelve. The Commission has not ruled out the possibility of subsequently presenting the Twelve a draft

THE EIB — A BANK FOR EUROPEAN INTEGRATION

Dr Ernst-Günther Bröder
President of the European Investment Bank

The goal of achieving the internal market by the end of 1992 continues to be a driving force in the process of European integration. Free movement of goods, persons, services and capital is giving renewed impetus to competition; as a result, the Community and its Member States can expect higher levels of growth, employment and property. The European Investment Bank, the Community's banking institution for the long-term financing of capital investment, forms an integral part of this process in a number of different ways.

As an institution created by the EEC Treaty, the EIB is obliged to pursue the aims of that Treaty; promoting European integration is its prime vocation. What distinguishes it in particular is that unlike the other Community institutions, it operates as a genuine player in the market. It cannot buck the market and does not seek to do so, but must continually adapt to changes in the economic environment and movements in the market both as a borrower and a lender. However, it differs from commercial banks in that its work is not directed towards making profits, but towards the balanced and steady development of the common market, as laid down by Article 130 of the EEC Treaty.

A few key figures illustrate the scale of the EIB's current overall activities: with borrowings amounting to ECU 11 billion (at 30 April 1991, ECU 1 = UK£ 0.69 or IR£ 0.77) in 13 different currencies, the Bank was once again the largest international raiser of capital in 1990. Financing totalled ECU 13.4 billion, 12.7 billion of which was provided for investment projects in the Community. Projects in the ACP countries received ECU 153.4 million under the Lomé Convention, and 344.5 million went to those Mediterranean countries which have concluded financial protocols with the EC. ECU 215 million was made available in Poland and Hungary, as part of the cooperation between the Community and those countries of Central and Eastern Europe which are seeking to convert their economies to a system based on the principles of the free market.

More important for the EIB than the volume of its financing is the quality of the projects it co-finances and their contribution to achieving priority Community objectives. Last year, regional development was once again at the forefront of the Bank's activities. Almost two-thirds of the finance provided within the Community was directed to this end, being focused on the economically weakest regions in which the resources of the structural Funds are also being applied.

It often happens that EIB loans and grants from the structural Funds are provided for the same projects. To promote economic and social cohesion, both means of financing must be used flexibly and rationally, and combined in such a way that the maximum amount of viable investment needed is implemented. Grants should be made available in inverse proportion to the returns expected from the project that is to be financed.

Over the past year, however, the EIB has also made a greater contribution to improving transport and telecommunications infrastructure, which is particularly important in the context of the single market.

The Bank can also point to good results in terms of protecting the environment and improving the quality of life. It does not simply finance projects which directly help protect the environment, but pays very close attention during project appraisal — perhaps just as importantly — to the environmental impact of all the projects it finances.

The European Investment Bank is strictly geared to project-based financing. Project financing also means above all project appraisal. Before the Bank decides to provide finance, it assures itself that the planned investment makes economic sense, is technically sound, and can pay its way, in the case of projects in the production sector. During project appraisal, which is carried out by teams of staff from different sectors in conjunction with the promoters, the EIB brings to bear the experience it has acquired in over 30 years throughout the Community and in many developing countries. Besides purely banking considerations, its project appraisals also encompass financial and economic studies, and not least a technical report, for which it can call on the services of more than 40 specialist engineers.

The EIB is involved in financing projects on a wide variety of scales. In the financing of the Channel Tunnel, for example, it is playing a leading role in the worldwide consortium of 120 banks because of its financial strength and expertise; with UK£ 1.3 billion, it is not only the largest single backer, but is also making funds available for a term of up to 25 years at fixed rates of interest in a number of different currencies, including ecus. To the end of April this year, funds equivalent to UK£ 500 million had been paid out in that currency, French francs and ecus.

Small and medium-scale investment projects are financed indirectly by the EIB through what are known as global loans. These are temporary credit lines opened for certain financial institutions to fund investment by mainly small and medium-sized enterprises. In 1990 alone, some 7 500 SMEs in the Community received funds in this way for the equivalent of almost ECU 2 billion. Over half this amount and almost three-quarters of the number of allocations have been provided for enterprises with less than 50 employees.

The EIB has been able to go on diversifying its activities without a change in the definition of its role contained in Article 130 of the EEC Treaty, which is broad enough to allow for new priorities. Interpreting this in line with the development of the Community is the task of the Bank's Board of Governors, consisting of a Minister from each of the 12 Member States, which normally appoint their Finance Ministers as EIB Governors for their country. The Governors usually act on a recommendation from the Board of Directors, which in turn deliberates on a proposal from the Management Committee. At all levels, the views and decisions of other Community institutions are naturally taken into account, there being particularly close cooperation with the Commission.

For financing within the Community, the Bank has the following categories of objective:

(i) developing economically backward regions;
(ii) improving transport and telecommunications infrastructure of Community interest;
(iii) protecting the environment and the quality of life, and promoting urban structural development;
(iv) attaining the Community's energy policy objectives;
(v) enhancing the international competitiveness of Community industry and furthering European industrial integration;
(vi) supporting small and medium-sized enterprises through global loans.

Outside the Community, the Bank has been involved for many years in implementing the Community's development aid policy, which is focused on the 69 States signatories to the Lomé Convention in Africa, the Caribbean and the Pacific, and on 12 Mediterranean countries. At the end of 1989, it was authorized by its Board of Governors to contribute up to a billion ecus to financing projects in Poland and Hungary, which are appraised according to its usual criteria and form part of the programmes to adapt the economies of these countries to a system based on the principles of the free market.

Of the ECU 215 million provided in this way, 120 million have gone to Hungary and 95 million to Poland. In both countries, the EIB has found and appraised urgently needed and economically viable investment projects in the fields of telecommunications, transport and energy, and has established working relationships with banks in these countries which handle its global loans, making it easier for small and medium-sized enterprises to finance their investment. The procedure for authorizing the Bank to start operating in the Czech and Slovak Federal Republic, Bulgaria and Romania was successfully concluded at the end of April.

In its financing activities in Eastern European countries, the EIB maintains close contact with the IMF, and co-financing arrangements have been established with the World Bank Group. Cooperating with the Washington institutions makes possible a coordinated approach and enables the various measures to be dovetailed to good effect, thereby increasing the benefits from them. The same naturally applies to cooperation with the EC Commission.

The work of the EIB in Central and Eastern Europe will also be closely and constructively coordinated with the EBRD. Cooperation on the ground will be an extension of the many ways in which the EIB has helped the new bank in setting up and starting work. Like the Community, the EIB has a 3 % stake in the EBRD's initial capital and is thus represented, with the Commission, on its Board of Governors and Board of Directors.

In all the financing activities of the EIB, a key principle is that of complementarity. The Bank never finances the entire cost of a project. Its loans generally cover less than 50 % of the investment costs, and more than this only in exceptional cases. This practice is not designed simply to spread the risk and ensure that the promoter makes an appropriate contribution, but also to help see that funds are obtained from other sources for investment which the Bank considers sound and viable.

In other words, EIB loans are not intended to replace or supplant resources which are available elsewhere. Where grants are also possible from the structural Funds, the Bank takes care that the cumulative financial contribution from the Community (loans and grants) does not exceed 70 % of total costs. Only exceptionally and in specially justified cases can this share be raised to 90 %.

The EIB works closely with other financial institutions and commercial banks in pursuing its task of bringing about integration. This applies not only to raising funds, but also to providing loans. The most common form of cooperation in terms of financing are the global loans referred to earlier. Here the EIB's strong position as a borrower on capital markets throughout the world is combined with the partner banks' knowledge of local conditions and their commercial links. Cooperation and co-financing with other banks takes place in many other ways, however, and is increasingly being used to put together highly specialized financing packages.

The EIB obtains funds to finance itself on many capital markets. It is acknowledged as a sound borrower, and the internationally recognized credit rating agencies have consistently placed its loan issues in the top 'triple-A' category, offering maximum security to investors. The Bank's own first-class credit rating allows it to mobilize funds on the scale it does today, and on terms which enable promoters to realize their projects. Since the Bank is not seeking to make a profit, the benefits of its triple-A rating are passed on to promoters. Its interest rates are geared in each currency to the cost of raising funds, with only 0.15 % being added to cover operating costs. There is no conflict of interests between promoters and the EIB, which is making funds available for a project, because both are very much interested in seeing well-planned investment projects carried out speedily and as efficiently as possible.

Through its constant presence on the capital markets and the scale of its borrowings, the EIB is furthering the development of the Community's financial markets and thus contributing, although it is not an instrument of credit or currency policy, to the establishment of a unified financial area. For years, the EIB has been the largest borrower of ecus and provider of ecu loans, and has played a key role in all sectors of the ecu market. It draws up its annual accounts in ecus, and actively encourages wider use of the European currency unit. It is a founder member of the ecu clearing system and provides one of the two vice-chairmen of the ecu banking association.

The new challenges and opportunities provided by the completion of the single market and the opening-up of the countries of Central and Eastern Europe to the Community have direct implications for the work of the EIB and its importance in putting Community policy into effect in certain key areas.

To give the Bank the scope it needs to carry out its work, the Board of Governors has doubled its subscribed capital with effect from 1 January this year to ECU 57.6 billion. Subscribed capital does not mean capital paid in. Under this increase, free reserves of ECU 1.2 billion have been converted into paid-in capital and ECU 27.6 billion newly subscribed; of this, the Member States are to pay in 1.8 %. The EIB's Statute limits the amount of outstanding loans and guarantees to 250 % at most of subscribed capital. At the end of 1990, outstanding loans and guarantees amounted to ECU 62 billion. Through the increase in capital, the ceiling is now ECU 144 billion.

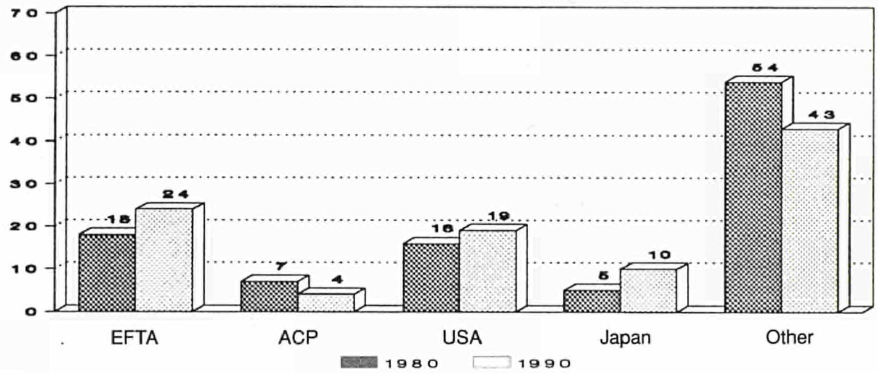
In deciding to double the subscribed capital, the Governors determined that this should cover the period up to the end of 1995, subject to unforeseen events. In purely arithmetical terms, this would allow for an average annual increase in financing by the EIB of around 15 %. The increases of 20 % in 1989 and 9.4 % in 1990 were in line with this average.

In an environment geared increasingly to competition — and the single market is ultimately directed towards this end — the quality aspect of the EIB's work will gain further in importance. Competition on the capital markets will also continue to increase, where the EIB is only one of many players, despite its specific tasks. The EIB does not simply grant loans, however; it also brings to bear its Community expertise, its experience and know-how accumulated over more than 30 years. It is thus able to act as a catalyst, bring together promoters and financiers and mobilize other sources of funds. Without seeking to make a profit, it will further develop these activities in the 1990s, making it easier for investment projects to be carried out effectively for the benefit of European integration.

Key figures

Statistical Office of the European Communities, L-2920 Luxembourg, Tel. 4301-4567

Geographical structure of extra-Community imports of goods, 1980 and 1990, in %



Imports (ECU '000 million)	EFTA	ACP	USA	Japan	Other
1980	48.2	18.9	43.5	12.3	147.0
1990	108.5	20.1	85.2	46.2	201.5

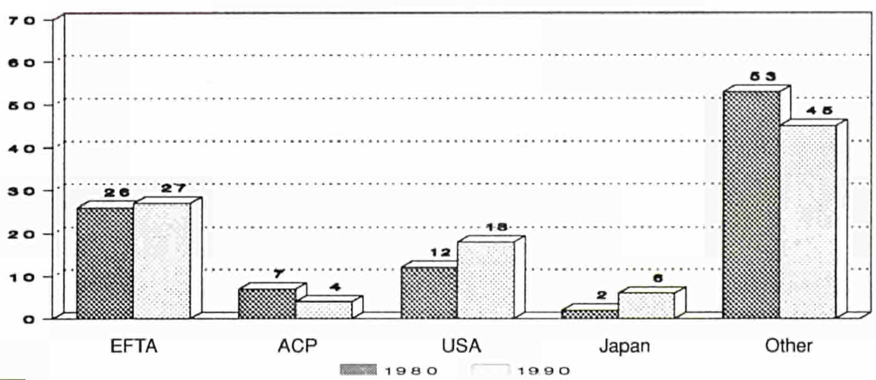
The Community as customer

Trade in goods expanded during the 1980s.

For example, imports of goods from the EFTA countries accounted for 24% of total imports in 1990 compared with 18% in 1980. Japan doubled its share of the market with 10% of total imports.

In contrast, the market share of the ACP countries (66 African, Caribbean and Pacific signatories of the Lomé Convention) shrank appreciably.

Geographical structure of extra-Community exports of goods, 1980 and 1990, in %



Exports (ECU '000 million)	EFTA	ACP	USA	Japan	Other
1980	57	15.7	26.6	4.6	117.2
1990	111.2	16.6	76.5	22.7	188.3

The Community as supplier

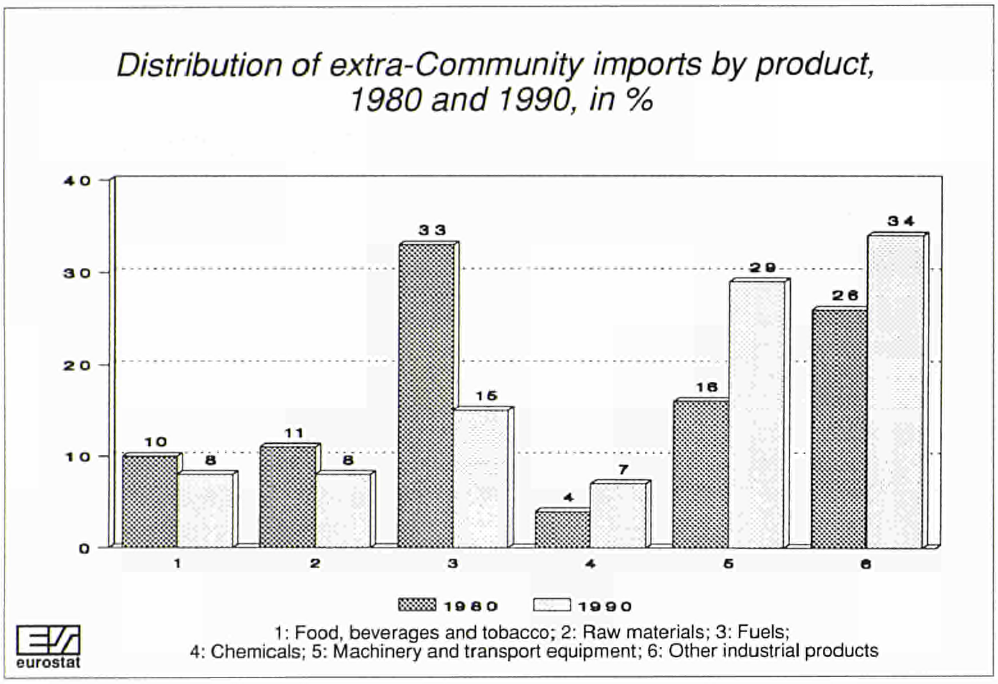
Community exports reflected the same trends.

Exports of Community products were directed even more strongly towards the industrialized countries, and towards the Japanese and American markets in particular.

Despite a fivefold increase in exports to Japan, the trade deficit with this country widened.

Trade with the ACP countries increased only slightly over the decade.

Overall, the Community's trade in goods with the rest of the world remained in deficit.

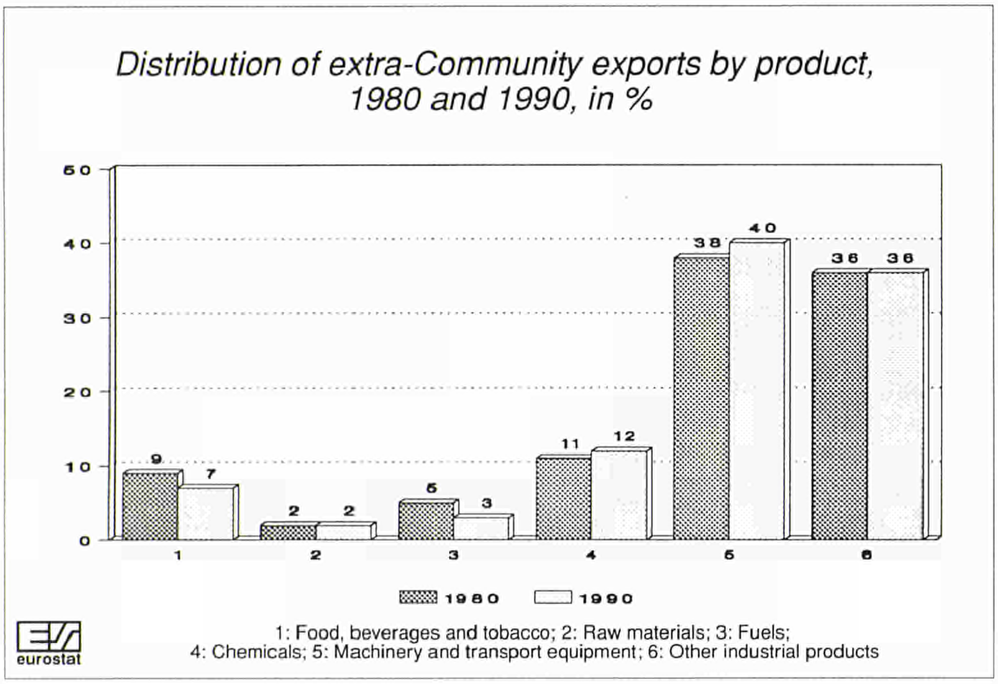


The Community's purchases

The distribution of extra-Community imports by product changed radically between 1980 and 1990.

The downward trend for the item 'Fuels' (from 33% to 15%) was chiefly due to price movements and energy-saving measures. The share of raw materials followed the same downward trend.

Purchases of machinery and transport equipment increased sharply (29% of the total in 1990 compared with 16% in 1980).



The Community's sales

The item 'Machinery and transport equipment' made up the lion's share of the Community's exports of goods (40% of the total), with exports of motor vehicles accounting for 24% of this item.

There were no structural changes to the other items.

The main items in surplus were 'Machinery and transport equipment' and 'Chemicals'.

EFTA, the European Free Trade Association, comprises Austria, Switzerland, Sweden, Norway, Iceland, Finland and Liechtenstein.

ACP: The Lomé Convention is a cooperation agreement governing, in particular, the exports of the 66 African, Caribbean and Pacific countries (ACP) to the Community.

directive ('European law') if the present proposal fails to give results. The system proposed on 7 May is along the lines of the German and Danish ones. Other Community countries have systems of minimum incomes; they include the United Kingdom, Ireland, Luxembourg, the Netherlands, France (with RMI) and Belgium (with minimex). There are local or regional systems in Spain and Italy but nothing in Greece and Portugal.

● Compromise between '1992' and football

Starting with the 1992/93 football season, the clubs belonging to the European Union of Football Associations (UEFA) will be allowed to field, in first division national championship matches, at least three non-national players, as well as two non-national players who have been playing in the country without a break for five years, three of them in youth teams. This is the outcome of an amicable arrangement between the European Commissioner with responsibility for the internal market, Martin Bangemann, and UEFA, reached on 18 April. It represents a compromise between the EC principle of the free movement of workers as from 1 January 1993 and the rules of professional football. Fifteen national associations from the 12-nation Community are members of UEFA; there are four such associations in the UK, representing England, Scotland, Wales and Northern Ireland. Each association regards players outside its own country or region as foreigners; it makes no distinction between players from other EC countries and those from outside the Community. The 18 April compromise leaves these habits unchanged. It requires the associations to exceed the present quota of two non-national players per team, leaving it to them to be as generous in the matter as they like. The arrangement will be extended to all divisions whose teams include professional players by the end of the 1996/97 football season at the latest.

● Four Media activities

This April saw the launch of four activities by Media, covering the period from 1991 to 1995. (Media is the French acronym for the European programme of measures to encourage the development of the audiovisual industries.) The European Commissioner for cultural and audiovisual matters, Jean Dondelinger, and Spain's Minister for Culture, Jordi Sole Tura, inaugurated the Media Business School on 11 April in Madrid. The school organizes courses throughout the European Community for those working in the audiovisual industry. The courses, lasting a few days, cover the economic and commercial aspects of the industry, viewed from a European perspective. On 18 April a special committee of the Twelve adopted three new projects in Cannes (France). Greco (the French acronym for the European grouping for the circulation of works) should make it easier to show on television films and serials presented by independent European producers. Ivens seeks to encourage the production and distribution of documentaries, while MAP-TV (Memories-Archives-Programmes) will stimulate the use of audiovisual archives in film production.

○ BRIEFLY

Road transport companies and the railways want to join forces to develop a combined road/rail network for the single European market. The heads of the International Road Transport Union (IRU) and the International Union of Railways (UIC) submitted a joint declaration along these lines to the European Commission on 25 April. The IRU and UIC want European governments to help fund a European transport network and to harmonize both standards and administrative procedures.

Thanks to the European university exchange programme, Erasmus, some **59 000 students from the 12 European Community countries** will be able to study **in another EC country** during the 1991/92 academic year, without extending the time required to obtain their degree or diploma. The number of students to benefit from Erasmus will thus be 40 % higher than during the current academic year and will amount to nearly 4 % of the student body involved in the Community, according to a report adopted by the European Commission on 7 May.

17 April the European Commission proposed to the Twelve a Directive ('European law') on **waste disposal.** Its aim is to harmonize environmental protection standards upwards and to ensure fairer competition as regards the elimination of waste in the single market. Some 70 % of municipal waste and 35 % of industrial waste on average ends up on dumps in the Community. The Commission wants to limit the dumping of waste, ensure that the prices in this sector are correct and encourage recycling.

The Meuse-Rhine Euregio, which brings together the Belgian province of Liège, the Belgian and Dutch provinces of Limburg and the German region of Aix-la-Chapelle, became on 9 April the first European transborder group to enjoy a legal existence of its own. The new **Euregio Meuse-Rhine Foundation** was set up in Maastricht, in the Netherlands. Like the Euregio established in 1976, it seeks to encourage contacts between the citizens, firms and bodies of the member regions and to improve economic and social conditions.

The **Dutch Secretary of State for Economic Affairs,** Yvonne van Rooij, announced on 7 May that her country's anti-cartel policy was being strengthened, so as to bring it into line with the Community's competition rules. This would mean a ban on price arrangements between firms in the same sector.

The differences between the various national laws on the **transport of dangerous goods** could endanger the single European transport market. The European Commissioner for transport, Karel Van Miert, noted on 25 April that the Commission would assess the situation in order to ensure that the deadline of 1 January 1993 was met.

The European Commission wants to tackle the remaining elements of the fragmentation of the **biotechnology** market. In a communication published on 18 April it points to the differences between national procedures for the introduction of new products on the market and the inadequate protection of intellectual property rights.

The European Community must carry out a **wide-ranging ecological reconversion** before the single European market opens, the European Environment Bureau (BEE) claims in a Green Paper 'For a lasting development', presented in Brussels on 16 April. Some 120 environmental protection bodies are members of the BEE.

SEEN FROM ABROAD

▶ Mercosur visits its European cousin

In setting up their 'southern common market' — Mercosur — four South American countries — Argentina, Brazil, Paraguay and Uruguay — have looked to their big European cousin. Their Foreign Ministers came to Brussels on 29 April to present the aims of their organization to the European Commission. The Treaty of Asunción, which the four countries signed on 26 March, recalls the Treaty of Rome, the 'European Constitution'. It provides for the creation of a customs union, free movement between the member States, the adoption of a common commercial policy and the coordination of national economic policies.

▷ BRIEFLY

A recent poll has shown that for the majority **of Austrians** membership of the European Community would mean drawbacks for agriculture (59 %), environmental protection (81 %) and the situation of the countries bordering on the major routes linking Germany to Italy. The poll was carried out by the Austrian society for the study of the social sciences (SWS). The results were published at the beginning of May. In addition, 64 % of Austrians would give up membership of the EC sooner than the country's neutrality.

Bulgarian Prime Minister Dimitar Popov would like to establish closer ties between his country and the European Community. During a visit to the European Commission in Brussels on 29 April he indicated that he would like to negotiate a 'European agreement' with the Community. The European Commission is currently negotiating agreements of this kind, involving a close economic and political relationship, with Czechoslovakia, Hungary and Poland.

SMEs

◆ Seed capital: the European network becomes operational

Seed capital is the first stage of intervention of venture capital. It serves to finance the project of an entrepreneur, in order to test the feasibility of the idea, then set up a company.
After the adoption of the 1989-94 pilot plan to stimulate seed capital in the European Community, the European Commission called for proposals. Twenty-four organisms were chosen in October 1989, in order to set up specialist funds.
In addition to reimbursable loans granted to cover their operating costs, these funds, which are located in regions aided by the Community, can receive contributions in the form of capital via the local business and innovation centres.
While the funds selected have already made their first investments, the European Seed Capital Fund Network (ESCF) has entered its operational phase. It provides its members with four different services: information, training, documentation and advice. The task of coordinating the network has been entrusted to the European Venture Capital Association (EVCA).

◆ Revision of the programme

On 29 April the European Community's Ministers for Industry agreed in principle to release ECU 25 million, following a discussion on the revision of the programme for the improvement of the business environment and promotion of SMEs. This sum will be added to the ECU 110 million already earmarked for the four-year (1990-93) Community action programme in favour of SMEs. The EC Council of Ministers will ratify its decision in June.
The Council adopted a resolution on 29 April dealing with the action programme for small and medium-sized enterprises, including craft industry enterprises. It takes the view that while SMEs can benefit from the creation of the single market, EC legislation as well as the programmes which seek to contribute to the Community's economic and social cohesion must take into account the constraints and special characteristics of SMEs.
Thus, in addition to action already undertaken, the Council 'reaffirms the common will to make substantial and effective progress in the area of policies to promote SMEs.' More specifically, the Council emphasizes the continuing relevance of professional qualifications — two-thirds of apprentices in the EC are trained in SMEs. It stresses the importance of continuing to develop initial and in-service vocational training and management training through existing Community programmes.
In the Council's view it is necessary both to continue and intensify the reduction of administrative burdens SMEs must bear, and to simplify the formalities for enterprises. Thus, it is necessary to ensure that certain Community initiatives, in particular in the fields of consumer policy, tax law, competition law, social legislation and environment policy, do not become additional obstacles. It is necessary, in short, to avoid any procedure or formality likely to slow down the development of SMEs, including those in the crafts sector.
In order to facilitate access to new markets and technologies, the Council would like greater cooperation between businesses, thanks to full utilization of existing instruments.
In its resolution the Council also underlines the importance it attaches to improvements in informing and consulting SMEs, including the craft enterprises. It would like increased involvement of professional bodies at the conceptual stage of Community programmes, directives, decisions and resolutions which deal directly with their respective sectors. The Council invited the Commission, in this context, to take into consideration the specific aspects of certain professions.

◆ EC-Chile: a centre to promote cooperation

The new framework cooperation agreement between the European Community and Chile will come into force shortly. The Joint Committee entrusted with the management of this agreement will meet this autumn to look at all possible ways of developing and diversifying trade.
Cooperation projects are under preparation in such different areas as taxation, training, industrial cooperation and research.
In order to give a continuing impetus to their cooperation, the Commission and the Chilean Government have decided to promote the establishment of a European Community Centre for economic and technological cooperation in Santiago. It will be jointly financed by the EC and Chile on a 50-50 basis. The private sector will be invited to help fund the Centre, which will have the task of contributing to the modernization of Chilean SMEs, thanks to European technologies and know-how, and to encourage cooperation between Chilean and European SMEs.

◆ BC-NET to hold annual conference

The annual conference of BC-NET (Business Cooperation Network) will take place in Paris, at the CNIT (La Défense) on 4 and 5 July. The theme of the meeting will be the new dimension in transborder business cooperation in the perspective of the post-1992 period.
The conference will bring together some 600 members of BC-NET, as well as a certain number of observers from third countries that would like to join the network. The countries include the United States, Canada and Australia, as well as countries from Central and Eastern Europe, Latin America and the Mediterranean basin. BC-NET enables SMEs to find partners in another country rapidly.

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