



EURO-info

A COMMUNITY RESEARCH POLICY TO FOSTER GROWTH AND COMPETITIVITY

On 22 April, 1993 the European Commission proposed allocating ECU 13.1 billion to the 4th Framework Programme for Research and Technological Development in the Community for the next five years. Presenting the key elements of the framework programme¹, Mr Antonio RUBERTI, European Commissioner responsible for research policy, stated that essentially it was a question 'not of developing a research programme in addition to those of Member States, but of helping to establish a genuine Community research policy'. Research in Europe is currently suffering from the fragmentation of the Twelve's national policies and an insufficient level of funding. In the European Community, it is Germany which devotes the greatest proportion of its national resources to research: almost 2.8% of its gross domestic product (GDP) which is nearly as much as the United States (2.8%) but less than Japan (3%). Next come France (2.4%) and the United Kingdom (2.2%). The figure of 2% for the Netherlands coincides exactly with the Community average. In the seven other Community countries, research expenditure remains below 1.7%, the lowest figures being Portugal with 0.5% and Greece with 0.4%².

The European Commission has drawn some useful lessons from these figures. The first is that it is vital to **coordinate national research policies** both between countries and with Community initiatives, at present, efforts remain too fragmented. Finally, the scientific and technological capabilities of the least favoured Community countries and regions should be developed by better coordinating the scientific and regional policies of Europe's Member States.

In order to improve the impact of research initiatives on the industrial fabric and the ability of firms to turn a scientific breakthrough into a commercial success **initiatives for disseminating and optimizing results** will be both intensified and increased in number, through the development of the relay-centre network and the introduction of a European infrastructure for technology transfer. In order to facilitate the transfer and assimilation of new technologies by Small and Medium-Sized Enterprises (SMEs), proposals will be made for direct assistance initiatives, including assistance with protecting research findings, the search for industrial partners and the creation of technology clubs, etc. To make the funding of technology transfer for SMEs easier, the Commission plans to set up a fund for technology integration. This instrument will be managed by financial intermediaries (public or private) in the various Member States. This fund will cover loan guarantees, interest-rate subsidies, venture capital incentives and technical and managerial assistance programmes.

In its working paper the Commission goes on to put its case for concentrating greater efforts on a **restricted number of major projects** which are likely to improve the

(continued page 2)

¹ COM(93) 158 final
² 1991 figures

59/93/EN
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competitiveness of several sectors of European industry and avoid wasting resources as a result of overlapping between Member State and national and Community research programmes. These include information technology and communications, energy, biotechnology, industrial technologies and the environment.

Finally, the Commission wishes to include research activities concerning education and training needs in Europe in the next Community framework programme, in order to improve professional qualifications and to create at last a genuine single market for the professions. Furthermore, a special programme for developing research on the most efficient transport systems which have the greatest respect for the environment has been proposed to the Twelve.

This working paper on the key elements of the 4th framework programme was the subject of a preliminary debate between the research ministers of the Twelve, on 29 April, 1993³.

GROWTH INITIATIVE: 35 billion ecu to restore business confidence

At their meeting on 19 April, 1993, the Finance Ministers of the Twelve reviewed all national measures, which together with the 'growth initiative' adopted by the Edinburgh European Council last December, should lead to a concerted economic revival. The range of planned measures should allow 450,000 jobs to be created in two years throughout the Community. The entire exercise (Community initiative + national measures) should represent a total injection of some ECU 35 billion in funding — 23 billion provided by the Community and 12 billion by individual Member States (ECU 6 billion of supplementary public investment and ECU 6 billion of support for private investment).

³ see page 5

⁴ COM(93)164 final — Promoting economic recovery in Europe — Actions at national and Community level

The Community contribution includes the '**Edinburgh Facility**', a temporary loan facility for major public works programmes, as well as the **European Investment Fund** which is in the process of being set-up and will have the task of guaranteeing loans for extensive transport, telecommunications and energy network infrastructures but also to assist SMEs. The **Cohesion Fund** provided for in the Maastricht Treaty will fund projects in the transport infrastructure and telecommunications sectors, as well as in the environmental field, and is designed to help Spain, Portugal, Greece and Ireland to catch up economically. In addition to this there is aid for research, vocational training and SMEs⁵, regional aid and measures to encourage completion of the Single Market.

COHESION FUND: current status

Commission activities following the conclusions of the European Council of Edinburgh are as follows:

- The Cohesion Fund provided for in the Treaty of Maastricht will be allocated ECU 15.150 billion over 7 years (starting with ECU 1.5 billion in 1993);
- Beneficiaries will be the four Member States whose per capita GDP is less than 90% of the Community average (Greece, Portugal, Ireland and Spain);
- Only projects in the field of transport and the environment are eligible. The Fund will finance between 80% and 85% of project costs. A project financed by the Cohesion Fund may not receive financing from the Structural Funds;
- The European Council indicated the following credit allocation ranges for each country: Spain 52-58%; Greece 16-20%; Portugal 16-20%; Ireland 7-10%;
- Pending ratification of the Maastricht Treaty, an '**interim instrument**', which is a sort of 'provisional Cohesion Fund' will enable the practical work of project selection and funding to begin. It came into force on 1 April, 1993;
- Projects must be selected in agreement with the Member State concerned which is required to submit a precise list to the Commission.

ENTERPRISE POLICY: the European Parliament calls for programmes for SMEs to be strengthened

In response to the Commission's proposals concerning a pluriannual programme (1993-1996) of Community initiatives for **strengthening the priority areas** of the Community's enterprise policy⁶, especially for SMEs, and of a pluriannual programme (1994-1997) for Community initiatives to ensure the **continuity** of the Community's enterprise policy, especially for SMEs, the European Parliament's Economic, Monetary and Industrial Policy Committee submitted a report at the end of March (rapporteur: Carlos-Alfred GASOLIBA I BÖHM — (Lib.-Spain) which approved the Commission's proposals and unanimously adopted a number of amendments. The European Parliament adopted this report⁷ at its plenary session of 20 April, 1993, along with the amendments proposed by the Economic and Monetary Committee.

In his report, Mr GASOLIBA I BÖHM congratulated the Commission on pursuing its policy for assisting businesses and especially SMEs, although he regretted its timidity. The Commission is strengthening those initiatives which have proven to be the most effective, but to an insufficient degree, despite declarations at the Edinburgh Summit officially acknowledging the role of SMEs and the need to provide them with the most appropriate environment for stimulating their development.

Mr GASOLIBA I BÖHM's recommendations, which were supported by the European Parliament, included according greater recognition to the role of private and/or family businesses and improving their fiscal environment. He also recommended encouraging business creation at the European level and giving special support to young entrepreneurs, with pilot-projects, exchanges of experience and training.

In addition, he advised developing the EURO INFO CENTRES network both qualitatively and quantitatively, both within the European Community as well as by extending them to the countries of the European Economic Area and those of Central and Eastern Europe. A further priority issue mentioned in the Parliament's report is to improve administrative, legal, fiscal and financial conditions for SMEs, especially with respect to management and the transfer of small-scale and family businesses, as well as for the creation and management of new businesses. Members of the European Parliament also share their rapporteur's view that the interests of SMEs should be represented by a permanent advisory body comprised of European international and national professional organisations.

⁵ see Euro-Info Nos. 56 and 57

⁶ COM(92)470 final — OJ of the EC C30 dated 03.03.1993

⁷ EP — Session document EP 204.185 fin. (A3/0114/93)

Mr Raniero VANNI D'ARCHIRAFI, European Commissioner responsible for Enterprise Policy thanked the Parliament for their favourable response and announced that he would soon be presenting a modified proposal incorporating most of these amendments. He also recognised the importance of improving consultations with SMEs, whilst disagreeing with the Parliament's opinion on the procedure for immediately creating a permanent body.

During its April plenary session, the European Parliament also adopted the report⁸ of Mr Roberto SPICIALE (It. Soc.) on the Commission communications 'Towards a European Market for Sub-Contracting'⁹ and 'The Participation of SMEs in Community Public Procurement Contracts'¹⁰.

The ESC is disappointed with the timidity of proposals

At its plenary session from 27 to 29 April, 1993, the Economic and Social Committee of the European Communities (ESC) adopted an opinion¹¹ with a large majority of votes (rapporteur: Mr Colin LÜSTENHOUWER — Miscellaneous activities — Netherlands) on Commission proposals concerning SMEs (1993-1996 pluriannual programme) to strengthen the priority areas of the enterprise policy and the action programme for 1994-1997 in order to ensure the continuity of the enterprise policy¹².

The Committee warmly welcomed the Commission's decision to pursue its policy of enhancing the competitiveness of European business, especially for SMEs. The Committee supported the Commission's efforts to improve the administrative and legal framework for businesses and would like these efforts to be intensified, including activities aimed at increasing the participation of SMEs in Community research and technological development programmes. It also stressed the importance of identifying solutions to the problems encountered by SMEs of access to capital markets, as well as difficulties resulting from a tendency to exceed payment deadlines agreed between businesses. Finally, the Committee regretted the insufficient budget allocated to macro-economic initiatives in the SME sector and to major sectors such as trade or the craft industry. It was sorry that no account had been taken of its proposal to create a 'Craft' unit within DGXXIII administrative departments and that the idea of a European Craft Academy had not been addressed. In addition, it drew the Commission's attention to the importance of education and vocational training for European business competitiveness, but feared this was insufficiently acknowledged in Commission proposals.

At the plenary session, the rapporteur of the opinion, Mr LUSTENHOUWER, wanted the Commission to pursue its role of 'protector of SMEs' as coordination between the various Directorates-General ensures in order that the 'SME dimension' is included in every Community policy or programme.

AT THE COUNCIL: only one SME programme, operational from 1 July, 1993

The 'Industry' Council of 4 May, 1993 adopted the principle of a programme to assist businesses, and in particular SMEs, which would take the form of an amalgamation of the two proposals⁽¹³⁾ amended by the Commission — following the European Parliament's opinion — concerning Community initiatives for strengthening and ensuring the continuity of the enterprise policy, especially for SMEs in the Community. This amalgamation will not alter the substance of programme proposals in order to maintain links with the growth initiative, and will come into force on 1 July, 1993.

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⁸ EP — Session document EP 203.858 fin (A3/0123/93)

⁹ SEC(91)1286 final

¹⁰ SEC(92)272N final

¹¹ ESC Opinion 467/93

¹² COM(92)470 final

¹³ COM(93) 180 final du 23.04.93

RESEARCH: facilitating the participation of SMEs in calls for tender

The working document¹⁴ on implementing the 4th framework programme for research and development (1994-1998) was very well received by the Research Ministers of the Twelve on 29 April, 1993. The Twelve gave their general approval for priorities in the fields of research proposed by the Commission, and several Member States considered the proposed budget (ECU 13.1 billion) to be acceptable. Ministers welcomed the fact that the Commission document specified that the Community would restrict itself to 'pre-competitive' research and that the entire 'industrial research' part (close to the market) would be carried out within the framework of the EUREKA European programme.

Mr Antonio RUBERTI, Commission Member for research also presented to ministers a whole series of practical proposals for **simplifying the management of research framework programmes** and in particular for facilitating the participation of SMEs in calls for tender.

Primarily this involves three measures:

- Calls for tender for research programmes will in future be published at regular intervals (every three months on a set date) in such a way as to avoid SMEs or smaller research centres which are less well informed of Community procedures being 'taken unawares'
- call for tender documents will be simplified so as to make them comprehensible to SMEs and smaller research centres. Calls for tender will be split into two stages: during the first stage, candidates will be required to supply scientific, technical and financial information about their projects and the Commission will ask for further information only if projects receive an initial positive response;
- experts responsible for selecting projects under a call for tender will be subject to a system of rotation and at each new call for tender, one-third of the experts will be replaced.

Such practical measures should speed up procedures, making them more coherent, and especially facilitate the participation of SMEs and smaller research centres in Community research programmes. These measures are soon to be applied to the 3rd framework programme.

INTERPRISE: encouraging partnerships in EUROPE

The aim of the INTERPRISE programme is to foster contacts between the small and medium-sized businesses of the Community. Three regions from three Community countries must jointly organise a meeting between companies with the aim of bringing entrepreneurs into contact in order to establish commercial, technical and financial partnerships. A programme involving three Community regions may be extended to one or more non-Community regions.

Projects supported within the framework of INTERPRISE must include at least the following phases: the identification and selection of those companies in the regions concerned which are interested in establishing cooperation agreements with one of the companies in the other participating regions; the publication and distribution of a directory containing cooperation profiles; and the organisation of an event at which direct contacts can be established between the participating companies (pre-arranged meetings and the provision of interpretation facilities).

The following INTERPRISE events are due to take place this summer:

ENVIRONMENTAL TECHNOLOGIES AND THEIR TRANSFER

Meeting days: 8 and 9 June, 1993 at LA BAULE (France)

Countries concerned: France, Spain, Italy and Portugal

Business sector: Environmental services and technologies

Organisers: EUROUEST — Philippe GALIAY — Boulevard Salvador Allende, 1 — PO Box 170 — F-44027 NANTES Cedex — Tel.: (33)40.44.63.65 — Fax: (33)40.73.79.97

PACKINNOVE 93

Meeting days: 9 and 10 June, 1993 in TROYES (France)

Countries concerned: France, United Kingdom, Germany, Benelux

Business sector: Packaging

Organisers: CENTRE AUBE PROMOTION — Bernard LANTER — 1bis, rue Voltaire — PO Box 4045 — F-10014 TROYES CEDEX — Tel.: (33)25.73.43.32 — Fax: (33)25.73.76.75

¹⁴ see page 1

THREE-WAY MEETINGS BETWEEN COMPANIES FROM MILAN, MADRID AND PARIS

Meeting days: 24 June, 1993 in PARIS (France)

Countries concerned: Italy, Spain, France

Business sector: Advanced services: marketing consultants, communications consultants, advertising, information technology consultants

Organisers: PROMOS — CCI di Milano — Pietro MERLINO — via Ansperto, 5 — I-20123 MILANO — Tel.: (39)2-85.15.52.21 — Fax: (39)2-85.15.52.27.

ECOBUSINESS '93

Meeting days: 24 and 25 June, 1993 in VENICE (Italy)

Countries concerned: Italy, Germany, Spain

Business sector: Environmental services and technologies

Organisers: CONSULENZE INTERNAZIONALI — Dr.ssa H el ene SADAUNE — Via Cipro, 18 — LIDO VENEZIA — Italy — Tel./Fax: (39)041-526.75.85.

HANSE WIRTSCHAFTSFORUM

Meeting days: 11 and 12 August, 1993 in M UNSTER (Germany)

Countries concerned: Germany, Latvia, Lithuania, Estonia, Poland, Netherlands, Denmark

Business sector: Textiles, foodstuffs, non-essential goods (such as confectionery, alcohol, cigarettes, etc.), timber industry.

Organisers: IHK — Herr Dr. KITTERER — Sch onholzer Strasse 10-11 — D-0-1100 BERLIN — GERMANY — Tel.: (49)30.48.80.61.10 — Fax: (49)30.48.80.63.33; Herr NEOPHYTOU — Adenauerallee, 148 — D-W-5300 BONN 1 — Tel.: (49)228.10.41.65 — Fax: (49)228.104.22.38; Dr. RISCH — PO Box 4024 — Sentmaringer weg 61 — D-W-4400 M UNSTER — Tel.: (49)251.70.72.98 — Fax: (49)251.70.73.25

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MED-INVEST: developing SMEs in the Mediterranean region

Within the framework of the MED-INVEST programme, cooperation support initiatives for developing SMEs from the Mediterranean periphery are progressively being introduced in conjunction with European SMEs and professional organisations. Worth ECU 10 million over two years, the MED-INVEST programme helps countries from the Mediterranean periphery to promote an environment favourable to the development of SMEs and to improve their competitiveness.

Pilot-projects (B of the programme) have been operational since the beginning of 1993 in various fields: to develop partner search networks and establish programmes for direct meetings between European entrepreneurs and those of Mediterranean countries, in addition to training and advisory initiatives. Instruments and networks (A of the programme) which have proven their worth in the European Community are being extended to countries from the Mediterranean periphery. This involves participation in the EURO-PARTENARIAT and INTERPRISE programmes, their extension to MED-PARTENARIAT and MED-INTERPRISE, as well as BC-NET (Business Cooperation Network) and BCC (Business Cooperation Centre).

In order to implement these initiatives, Directorate-General XXIII, with particular responsibility for enterprise policy, is planning to create a database linking economic operators (public and private), to facilitate their participation in future MED-PARTENARIAT and MED-INTERPRISE operations.

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KONVER: a programme to assist areas affected by the shrinking defence sector

The reduction in defence spending and the closure of some military bases is resulting in job losses. Some European Community regions which are very dependent on the military sector are in danger of suffering to an alarming degree. In order to help redevelop such regions which are dispersed throughout the Community, the European Commission launched an initiative at the beginning of April entitled 'KONVER', which represents financial aid of ECU 130 million for 1993.

It was the initiative of the European Parliament to vote the credits and it requested the Commission to launch KONVER without delay. The said aid will include ECU 95 million from the European Regional Development Fund (ERDF) and ECU 45 million from the European Social Fund (ESF).

This funding will serve to cover part of the cost of retraining workers and redeveloping sites for civilian purposes. This entails vocational training to help workers acquire new qualifications, the rehabilitation of military sites and their surroundings for developing businesses in alternative sectors, business services, aid for SMEs and the promotion of new technologies. In principle, major infrastructure work and land purchase are not eligible for funding. The European Community has already supported the same type of initiative in areas affected by the decline of such industries as steel or textiles. However, in the case of KONVER, assistance will also benefit regions which are not normally entitled to receive European funding¹⁵, since they cannot be classified as disadvantaged. The governments of the Twelve are to submit their co-funding proposals before 31 July, 1993 at the latest.

VAT: a 'Business Hearing Committee' to deal with problems

Meeting on 5 February and 30 March, 1993, the Business Hearing Committee was created by the European Commission to more fully ascertain the reactions and criticisms of companies on the new VAT and excise duties system introduced on 1 January, 1993, and to enable the system to be improved if necessary.

This Committee, meeting at regular intervals, comprises the heads of European business organisations, the competent administrative departments of the Commission and Commission representation offices in the twelve Community countries, with, according to the nature of the problems to be addressed, representatives from sectorial business organisations and EURO INFO CENTRES (information centres for SMEs which have been set up by the European Commission in all Community regions).

Mrs SCRIVENER, European Commissioner responsible for taxation, announced at the meeting of 30 March, 1993 that a new directive which aims to simplify the VAT system is currently in preparation. She was seeking in particular to simplify **chain operations** involving more than three different Member State companies, as well as chain operations involving companies from non-Community countries. With respect to the difficulties encountered by oil-trading companies, Mrs SCRIVENER pointed out that provisions existed in the sixth VAT directive for VAT to be suspended for the oil-trading sector, and that it was important for companies to be informed and for them to request this provision to be applied. If necessary, the Commission is willing to 'introduce the required provisions in the second directive for simplifying VAT which is currently in preparation'.

The secretariat of the Hearing Committee is run by the Directorate-General for 'Customs Union and Indirect Taxation' (DG XXI).

CONSUMERS: Council agreement on unfair clauses

On 2 March, 1993 the Council adopted the directive¹⁶ harmonising Member State legislation on unfair clauses in contracts drawn up between professionals and consumers. The directive applies to contractual clauses not having been negotiated on an individual basis by the consumer. It is directed particularly at contracts concluded on the basis of general standard conditions. According to the directive, a non-negotiated

¹⁵ According to a Commission study, of the 183 regions in the European Community, 50 are largely dependent on defence (arms industry, military bases)

¹⁶ OJ of the EC — L 95 — 21.4.93

clause is considered to be unfair where, despite the requirement for good faith, the contract creates a significant imbalance between the rights and obligations of the parties, to the detriment of the consumer. An indicative and non-exhaustive list of clauses which may be declared unfair appears in the annex to the directive. Finally, the directive gives consumers' associations the right to bring cases before law courts or the competent administrative authorities, in order to have the unfair clauses withdrawn from contracts intended for general use (standard contracts).

Moreover, the directive leaves Member States the freedom to afford consumers an even higher level of protection than that provided by the directive itself. Member States are required to implement the directive into national legislation by 31 December, 1994 and its provisions will be applicable to all contracts concluded after that date.

FOR YOUR INFORMATION

All you need to know about the INTERNAL MARKET: Situation as at 1 January, 1993

In order to respond to the information needs of economic operators, the Commission publishes a series of six brochures under the title 'Internal Market' which are available in all Community languages. These brochures describe the state of progress of each of the major initiatives currently under way to complete the single market, and cover the following fields:

- A common market for services
- The abolition of border controls
- Conditions designed to facilitate cooperation between companies
- Open public procurement
- The internal market for energy
- A new Community standardization policy
- Veterinary and plant health controls
- The Community's social policy

For each field in these brochures there is:

- a general presentation of objectives, state of progress and prospects;
- information sheets on each of the official texts proposed by the Commission or adopted by the Council, analysing the content of the text, presenting its state of progress, providing publication references and announcing planned further initiatives.

Price from Luxembourg, excluding VAT: the set of six brochures: ECU 115.

For further information: Office for Official Publications of the European Communities — 2, rue Mercier — L-2985 LUXEMBOURG — Tel.: (352)49.92.81 — Fax: (352)48.85.73/48.68.17

INFO 92: a Community data base focusing on single market objectives and the social dimension. INFO 92 is a constantly up-dated source of information where Commission proposals are monitored step by step until their adoption, each significant event being summarised and placed within its context. Information also includes the translation of directives into internal Member State legislation. Simple to use, INFO 92 is accessible to all.

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