

*QUESTIONNAIRE*  
*for*  
*NOMINEE COMMISSIONER Erkki LIIKANEN*

*ANSWERS TO QUESTIONS,*  
*1999-08-13*

## GENERAL QUESTIONS

### I Personal and professional

**1. Outline those aspects of your professional experience that you feel will be of particular relevance in your prospective role as Commissioner.**

Generally speaking, it is expected that a Commissioner should have political and European experience. Experience in the field of his portfolio would not be harmful.

Firstly, on political experience. I served in the Finnish Parliament over 18 years and took part in five consecutive elections until my nomination to Brussels in 1990. I started in the Cultural Affairs Committee, which was also responsible for education and science; later I was Vice-President of the Committee of Agriculture. Before joining the government, I was Chairman of the Foreign Affairs Committee. From 1987 to 1990, I was Minister of Finance and also responsible for regional policy.

Then on European experience. I started by chairing the organising committee of the European Youth Security Conference in 1972. In the Finnish Parliament, European affairs fell at the time under the responsibility of the Foreign Affairs Committee. I took part in the work of that Committee, first as an alternate, then as a member, and finally as chairman, altogether for 15 years. In the Finnish government, European issues were co-ordinated by the Ministerial Committee of Foreign Affairs. I was a member of the Committee in 1987-1990.

I served as Ambassador and Head of the Finnish delegation to the EU in 1990-1994, during the period when Finland negotiated her membership. Since 1995, I have been a Member of the European Commission. I have a number of publications on European issues.

Finally, on my experience in the field of enterprise and information society. From 1976 to 1979 I was a member of the supervisory board of Televa corporation, which was a telecommunications company owned by the state. Later on I chaired the supervisory board of Outokumpu Corporation (1983-88), multimetal and technology company, after having been a member (1980-1982). The Finnish National Fund for Research and Development (Sitra) was financed by the Bank of Finland until 1991. The Parliamentary Trustees of the Bank of Finland acted as the decision-making body at the time. I was Vice-Chairman of the Trustees in 1983 – 1987. I have been a member of the Science and Technology Policy Council of Finland in 1987 – 1990. In the Commission from 1995, I have been responsible for the in-house computer services.

**2. Do you have any business or financial holdings or other commitments that might clash with your prospective duties?**

No. I have declared my financial holdings according to the rules agreed by the prospective Prodi Commission in its meeting on the 17<sup>th</sup> of July 1999. They do not constitute any conflict of interest in my duties as a Commissioner.

### II Independence

**3. *How would you describe the scope of your obligation to be completely independent in the performance of your duties?***

The Treaty articles on the Commission insist that the Members of the Commission conduct their duties with complete independence, neither seeking nor taking instructions from any government or from any other body. This has been my unequivocal guideline and it will remain such in the future.

At its first meeting, the prospective Prodi Commission adopted a Code of Conduct for Commissioners, to which I am naturally fully committed.

### **III Future of the European Union**

**4. *In what ways would you like the European Union to develop further in the future?***

As the question is so fundamental, please allow me to give a rather thorough answer.

The European Union faces a wide spectrum of challenges in the wake of the 21<sup>st</sup> century. To my mind, the essential questions are as follows :

1. how to reform Europe to cope with economic globalisation by reconciling the objectives of competitiveness of our enterprises, accelerated job creation and sustainable development;
2. how to reinforce the EU as an actor of security policy in the complex multipolar security-setting of the post-Cold War era;
3. how to manage the prospective Eastern enlargement of the Union in a way that genuinely reinforces Europe and the Union; and
4. how to reform our institutions to construct such European governance that matches these future challenges.

Firstly, on the world scene, Europe is confronted with a twin challenge of economic globalisation and persistent pockets of political instability.

Economic globalisation requires that Europe must reap ever more added value from the reinforced integration in economic and monetary policy as well as take new steps to complete the single market. Simultaneously, Europe must be able to reform itself to enhance the competitiveness of the European economy and thus improve job creation.

Furthermore, the EU must pursue an active enterprise policy to speed up the creation of new enterprises, especially in the service sector. Enterprise policy must enhance our enterprises' capacity to innovation and access to risk capital, and improve the utilisation of information technology in all instances to make Europe a real information society.

Among other things, the Euro is essentially an attempt to counter some of the more destabilising effects of globalisation. Furthermore, it provides a window of opportunity to reinforce the EU as key actor in the world political economy. In essence, the Commission must, on its part, improve the teamwork between the European institutions (including the

ECB and Euro-11). In this regard, the external representation of Euro is an important issue.

In external trade policy, the Millennium Round expected to take place in 2000-2003 will be another testing ground for the EU as a global economic actor. In the past, the EU has all too often been put on to the defensive in trade talks. This time around, the EU approach should reflect another way of thinking : « Don't lie down under fire ». European interests are better defended by a proactive than defensive approach.

Secondly, turning from economy to security, the end of the Cold War has, even though it has in general terms certainly increased the well-being of mankind, also led to the emergence of a more complex and unstable multipolar world system in the 1990s. This, in turn, implies that the EU must play a leading role in providing stability and security, especially on its own continent.

It is evident that the Balkans in general and the Kosovo settlement in particular will continue to be the litmus test of how well the Union can deal with a regional crisis in its neighbourhood. The fact that the EU is still primarily a civilian and economic power is well reflected in its significant economic contribution in the Balkans.

However, at a more general level, the Kosovo crisis has, once again, revealed Europe's security-policy limitations. It is said that, when faced with an international crisis, the Americans ask what needs to be *done*, while the Europeans ask what needs to be *said*. Uncomfortable though it may be, this portrays sometimes the truth.

Overall, a stronger security policy role for the EU is a decisive factor in the citizens' perception of its credibility. If Europe had had a stronger security policy at the beginning of the 1990s, when Yugoslavia started to break up, there would have been less damage and human suffering in Bosnia and in Kosovo.

Thirdly, enlargement has become a political reality with historic significance. It will, however, not be institutionally easy or without financial consequences. There is now genuine demand, in the proper sense of the word, for *politics* as the art of making the necessary possible.

Agenda 2000 and the Berlin European Council went a long way towards settling the issue of the Union's finances and enlargement. Furthermore, the inter-institutional agreement between the Council, Commission and the European Parliament (which revised the Berlin decisions) has committed the three institutions to the financial perspective for the next seven years, i.e. 2000-2006. This perspective includes the roughly one tenth of the budget that is earmarked for enlargement.

Enlargement should proceed avoiding the pitfalls of both loose promises and unnecessary delays. For the moment, chapter after chapter is cleared and the work progresses steadily. Of increasing importance in assessing the candidate countries will be what is their really existing administrative capacity to implement the EU legislation.

Fourthly, there will be no enlargement without a major overhaul of decision-making procedures of the Union. In the history of European integration, this is nothing new. Widening and deepening – or enlargement and institutional reform – have always existed and proceeded in parallel. So will it be this time, too.

The final talks of the Amsterdam Treaty produced some important leftovers as to institutional

reform. The Cologne European Council decided to tighten up the schedule in tackling them. So far, the Member States have limited the agenda of the next Intergovernmental Conference to three elements: firstly, to the size and composition of the Commission, secondly, to the re-weighting of voting strengths in the Council, and thirdly, to the making of qualified majority voting as a general rule.

These issues need to be settled before enlargement. However, we must ask ourselves with all honesty, whether this agenda is sufficient to tackle the essential future dilemmas and clarify the role of the Union. Therefore, we'd better engage ourselves, in parallel, in an in-depth reflection on the future role of the Union, on its relations to citizens, and on the optimal division of labour between the EU and Member States.

That is what at least European citizens expect from us. Several opinion surveys have shed light on the aspirations of Europeans concerning the future of the EU. By and large, they point out that a vast majority of Europeans consider the environment, international crime and terrorism, a common foreign and security policy and employment as problems beyond the grasp of national governments which should be the priorities of the EU. In other words, the citizen's expect the EU to tackle genuinely European or cross-border problems and to take action only when the European value added can, without doubt, be justified.

One of the focal points of creating a genuine citizens' Europe is to reinforce Europe's capacity to fight international crime and strengthen police co-operation. In this field, it has again been seen that intergovernmental co-operation is not enough; we need the community method for Europe to deliver. In this spirit, next autumn we should take the next major steps towards *a European area of freedom, security and justice*. This will, to my mind, complete the single market, which is currently, above all, a single market of enterprises – now it is the time to make it *a citizens' Europe*.

The goal of a citizens' Europe has also been behind the idea of an EU charter of fundamental rights. This should certainly be one of the future issues to be reflected upon in parallel with the more limited immediate institutional reform.

##### **5. *What lessons would you draw from the recent crisis in the Commission for the future management of the Commission?***

This is a very broad question, which is dealt with in many other answers as well. I would like to refer particularly to the answers 6-10, 55-57, 60-61, 64-66.

To summarise some of the important conclusions:

1. The position of the Commission President must be strengthened. The Amsterdam Treaty is a positive change in this direction. Also the fact that every Commissioner-designate has taken the commitment to resign, if the President so wants, reinforces the position of the President.
2. The Commissioners must have a more direct responsibility for their services than before. I am convinced that the presence of the Commissioner in the services is an important, and not only a symbolic change. The Commissioner must control the work of his /her services on the basis of results without interference in the daily management of the administration, which must be the responsibility of the Director General.

3. The reform towards Activity Based Budgeting will be very important; it has been started in the 2000 budgetary procedure, and is envisaged to take full effect during the first years of the new commission. It is vital that whenever a decision on new activities will be taken, the operational, administrative and human resources will be decided at the same time. Activity Based Budgeting will be an essential help here.

4. The Commission reform is not an event, it is a process. SEM-2000 has been an important beginning, as the European Parliament has also recognised. MAP-2000 reform has cut down the internal administrative red tape and given the direct responsibility to the services. But to ensure a continuing reform process we need a coherent reform project for the whole mandate of the Commission, a broad commitment of the whole college, a vast training program of the top and middle-management, and an open dialogue with the whole staff.

#### **IV Democratic accountability to the European Parliament**

**6. *How do you envisage the nature of your accountability to the European Parliament?***

My point of departure is that the Commission as a whole is accountable to the European Parliament. This is based on the provisions of Article 201 of the Treaty. Article 34 of the Rules of Procedure of the EP recognises the same principle.

Political accountability of the whole Commission cannot be completely separated from the political responsibility of individual Commissioners. Article 219 of the Treaty stipulates that each Commissioner shall work under the political guidelines of the President. In that spirit, I have made my commitment to President Prodi to resign if he asks me to do so.

I regard this control of collective and individual responsibility as a necessary way and means to reduce the democratic deficit of the Union. Of course this also allows that Commission and Parliament have a constructive and forward-looking partnership. The European Union has reached its most significant achievements during those periods when the Parliament and the Commission have worked for common objectives.

**7. *How would you define the nature of your individual responsibility as regards the management of your prospective directorate(s)-general and as regards your own implementation of the collective decisions of the Commission?***

**8. *Are you prepared to assume personal responsibility for the area covered by your portfolio?***

A joint answer to questions 7 and 8:

Commissioners must assume, within the College, full political responsibility for the implementation and management of the policies under their respective portfolios.

Directors General must subsequently be accountable to their Commissioners for the sound implementation of the policy guidelines laid down by the College and the Commissioner and for efficient financial and personnel management of their departments. Consequently, I expect

my Directors General to keep me, at all times, fully posted on both implementation and management issues. I intend to bring to the collective attention of the College any issue of policy or management requiring collegial reflection.

To achieve this and to codify clearcut chains of command, my intention is to draw up a mission statement and clear rules for working arrangements and information channels as soon as I have taken up office, as required in the Code of Conduct for Commissioners and Departments of 17 July 1999.

Last but not least, I believe that it is indeed necessary that each Commissioner encourage and each Director General conduct such management reforms that facilitate empowerment of officials and thus a more effective and efficient management of the Commission. This is at the heart of any genuine reform of the Commission.

**9. *Are you prepared to staff not only your private office but also the directorate(s)-general subordinate to you on the basis of multinational criteria and ensure that all the Member States are duly represented on your staff?***

As regards multinationality, my cabinet has fulfilled the criteria laid down in the new Code of Conduct for Commissioners (17 July 1999) already during the whole period of 1995-1999. I have no hesitation to continue this practice which has proven to be instrumental in making the cabinet adopt a genuinely European approach. In this and in other respects, I fully subscribe to the new cabinet policy required by President Prodi.

I shall make sure that my prospective DGs pursue such personnel policy that is based on the criteria of quality and multinationality, which have been the principles followed by the services falling under my responsibility from 1995 to 1999. In other words, I shall follow the principles laid down in the Staff Regulations and in the new Code of Conduct for A1/A2 appointments.

**10. *How do you intend to ensure that your staff constantly acquire new skills through mobility?***

I regard mobility as an essential element of personal and professional development of an official. A lot of reflection has been done here, but perhaps too little concrete action.

I would like to have a practice, where after a certain period, for example 3- 4 years, a dialogue on mobility would be opened with an official, and at the latest after five years concrete solutions would be made within or between the services.

Mobility should be a part of career policy. It cannot be based only on ad hoc solutions. I want to agree on this approach with the Directors General of DGs Enterprise and Information Society in their mission statements and working arrangements, and follow the implementation personally.

## ***INDUSTRIAL POLICY QUESTIONS***

**11. What specific action should be taken at European level in order to face up to the challenges of globalisation, for instance in the field of European legislation on subsidies?**

Globalisation is an opportunity for Europe to seize, not a threat. It is a potential source of growth and job creation. Europe has many assets to take advantage of this: efficient industrial structures and research infrastructures, high levels of skills, and solid political and administrative institutions. However, globalisation gives citizens cause for concern with regard to job security and the need to adapt their skills, as well as the environment, consumer protection and wealth distribution.

These concerns make it necessary to consider the guidelines to be implemented in order to strengthen the ability of Community policies to stimulate innovation, the spirit of enterprise, creativity and the competitive development of European enterprises in the face of globalisation.

Action to be undertaken in the face of the challenge of globalisation: Firstly, we must reinforce intangible investment which is a key factor in competitiveness: life-long learning, spirit of enterprise, innovation, protection of intellectual property, European patents.

Secondly, we must speed up structural reforms and in particular adapt the regulatory framework and simplify administrative procedures, particularly in order to develop the information society;

Thirdly, we must optimise the Community's structural policies (internal market, Economic and Monetary Union, convergence, removal of barriers to the development of risk capital, taxation) in order to increase their effect on competitiveness;

Fourthly, we must improve the access of European enterprises to the world market: maximise the competitive advantages of the internal market and the introduction of the euro, establish and enforce international rules and standards (in accordance with the principle of "one standard, one test, one certificate").

The steps already taken in this direction should be strengthened.

Where subsidies and globalisation are concerned, it is necessary to modernise Community competition policy to ensure that it keeps in step with globalisation and by establishing a multilateral competition framework within the World Trade Organisation (WTO).

Where subsidies are concerned, the issues at stake concern in particular the modernisation of the rules and procedures governing State aid, such as the channelling of public aid to intangible investment (make the granting of aid to material investment less easy; conversely, facilitate aid to training and research). Equally important is the establishment of a level playing field at world level with regard to the monitoring of subsidies (the strict control of aid in the Union should have a parallel in the countries which have free access to the Community market and an equivalent within the WTO through a common interpretation of State aid principles).

**12. What is your concept of industrial policy issues at the WTO Millennium Round? In your opinion, what impact will the WTO Millennium Round have on individual economic sectors such as the textiles industry, service suppliers or the food industry?**

Trade policy is an important component of enterprise policy. I would cite three aspects of the expected Millennium Round of trade negotiations which demonstrate the interaction of these policy areas:

Firstly, from an enterprise policy point of view a primary objective for the European Union in these negotiations must be the promotion of the competitiveness of Community businesses in order to underpin the policies pursued internally within the Union. Basically, this must come about by opening markets further for European exporters of both goods and services and lowering input prices for European producers and suppliers of services.

Secondly, this primary objective could not be satisfied if the new negotiations were restricted in scope.. That is why the Community must push for a comprehensive round of negotiations. In addition to agricultural trade and trade in services this would include areas such as investment and competition as well broad liberalisation negotiations in the industrial goods sector.

Thirdly, it is extremely relevant for European enterprise policy to establish a reliable, predictable, stable set of international rules for world trade. The progresses made in the General Agreement on Tariffs and Trade (GATT) negotiation rounds held since 1948 are already considerable. The new round - and further rounds in the future - will confirm the declining relative importance of tariff measures and the growing importance of regulatory matters, intellectual property and the questions of international investment, competition, and trade facilitation mentioned earlier. Progress in these and other areas, such as trade and environment, will not necessarily be rapid, but must be maintained, since it will support the ability of Community enterprises to develop their existing major share of world trade.

On particular sectors mentioned in the question:

In the textile sector, EU firms have faced over a long period competition from third countries with low costs and domestic markets protected by high import tariffs as well as a wide variety of non-tariff barriers. It also faces, under the terms of the Agreement on Textile and Clothing (ATC) concluded during the Uruguay Round, the phasing out by 2005 of all quantitative restrictions on imports into the European Union. The comprehensive tariff harmonisation enable to improve the situation by eliminating the tariff peaks practised by many third countries with large textile industries Nevertheless, decisively better market access for the industry depends also on reducing the existing tariff gap and third country non-tariff barriers.

Trade in services represents around one quarter of total Community trade. In the GATS (General Agreement on Trade in Services) negotiations to be reopened next year operators in services throughout the WTO membership can expect to discuss a broad coverage of issues, in terms of sectors, countries, and modes of supply. This process should lead to improvements in market access and competitiveness.

The European food industry is competitive in terms of its industrial performance and reputation for quality. Its supply of input raw materials is tied to the mechanisms of the Common Agricultural Policy. This system, already under attack in the Uruguay Round, will now come under further pressure from a number of important trading partners in the new round. The Commission must study the means of addressing this growing challenge for the sector of maintaining continued access to raw materials at competitive prices, while ensuring

that adequate rules are in place to guarantee quality, thus meeting consumer needs.

**13. What role will you give to information technology in the process of strengthening European competitiveness?**

Information and communication technologies (ICT) play a strategic role for the competitiveness of the whole European industry, and their importance will only increase in the future. According to recent studies for example, about 80% of companies declare that the use of ICT is important, very important or crucial for their competitiveness. These expectations relate to three main areas: anticipated increases in productive performance, improvement in managerial organisation; and opportunities for new business.

The situation in the EU is relatively heterogeneous geographically as well as in relation to companies size. For this reason, diffusion of best practices for ICT take-up needs to be a policy objective at the European level, and not just a national or regional issue.

The European Union has been and will remain active to promote the best usage of ICT by industry, even though companies themselves have the prime responsibility for their own competitiveness. A comprehensive policy needs to be implemented on the basis of four pillars: adaptation of the regulatory framework, take-up actions, awareness and analysis of societal impacts. These policy objectives are still valid, although we must now add electronic commerce as a priority area for action, because it represents a breakthrough requiring significant structural change by enterprises and governments if competitiveness opportunities are to be taken.

Among the different measures which could be implemented by the EU, I would like to emphasise the following:

- The measures taken to improve ICT literacy through training, education and skills development. These are critical if we are to promote lifelong learning capabilities, reduce the skills deficit apparent in Europe today, and develop human capital within the economy.
- The EU is lagging behind the United States in key software and content areas, necessary elements if EU companies are to benefit fully. An action plan will be assessed in the autumn;
- ICTs need to be seen within the broader context of a knowledge-based economy. Their interaction with other so-called “intangible” factors such as research and innovation, intellectual capital, and new business processes need to be better understood;
- Reinforcing the ability of European administrations to increase their efficiency by using ICTs more effectively is particularly critical. In the implementation of the second phase of the EU programme “Interchange of Data between Administrations” (IDA), greater attention must be paid to the use of more efficient mechanisms, which can be of benefit to the competitiveness of European business and of SMEs in particular;
- The promotion of “open” standards by industry is important. By stimulating adoption of open and global standards, uncertainty between conflicting standards can be reduced and can speed up the adoption of new technologies by users. GSM is a successful example of such a strategy;

- Finally, best practice needs to be better identified and diffused through benchmarking and international comparison. Particular emphasis needs to be placed on awareness measures for SMEs and wherever possible, global solutions to deal with international problems restricting ICT take-up.

***14. What reform of the markets for goods and services would appear to you to be necessary to stimulate the activities of enterprises with a view to promoting employment-creating investment and more generally supporting growth and employment?***

Reform of the markets for goods and services is essential in order to promote job creation and economic growth, and should take place in parallel with the introduction of the euro.

The Commission must ensure the smoother functioning of the markets while guaranteeing the safety and quality of products for the final consumer.

This is the primary aim of Community legislation concerning the functioning of the internal market with a view to ensuring clarity, transparency and effectiveness.

Improvements in the mutual recognition of national legislation and the establishment of Community measures to improve the operation of harmonised legislation are steps in the right direction, with a view to removing obstacles to trade in goods and services.

Greater recourse to European standardisation, certification and accreditation are important elements to increase transparency and confidence in the markets by regulatory and voluntary means.

Harnessing the full potential of information technologies will also be one of my priorities in support of the reform of the markets, e.g. on the basis of the inter-administration cooperation network for the exchange of administrative data.

However, such a reform can only be brought about with the active involvement of the Member States which I shall ask to ensure that the measures taken at Community level are genuinely perceived by economic operators as legislative simplifications and that they do not give rise to new, more complex provisions at national level.

Mention should also be made here of the major problem of investment financing, in particular where SMEs are concerned, which often have great difficulty in gaining access to the financial markets. The current arrangements for access to the risk capital markets are still far from ideal, when compared with the opportunities available to American SMEs. The work in progress within the Commission on access to the capital market for SMEs and enterprises in the start-up phase should be activated and debated at political level.

***15. To what extent can economic policy coordination and structural reform contribute to the improvement of enterprise competitiveness?***

This answer follows on from the answer to the previous question concerning the reform of the markets for goods and services, since economic policy coordination and structural reform in the European Union depend to a large extent on the process set in motion at the June 1998 Cardiff Council meeting.

Clearly, this process must contribute, at both micro-economic and macro-economic level, to an improvement in the competitiveness of enterprises in compliance with the relevant Treaty provisions by speeding up the adjustment of industry to structural changes; by fostering an environment conducive to initiative and the development of enterprises; by supporting inter-firm cooperation; and by encouraging innovation and research and technological development policies.

The reports submitted for 1999 by the Commission on the one hand and the Member States on the other in the framework of the Cardiff process have already started to take into account this dimension concerning the competitiveness of enterprises by advocating in particular measures to increase the flexibility of the markets and mitigate the impact of asymmetric shocks.

In the exercises ahead it will be necessary to reinforce this approach, in particular via optimum operation of the internal market which represents the basis for structural changes designed to create an environment that is more conducive to initiative, the development of enterprises and innovation.

Please see also the answer to question 75.

***16. In their business planning, enterprises draw on the official forecasts of their respective states, of the Community and of the international organisations, but also on their own figures and 'market signals'. In certain cases, these last data are also collected and integrated into official statistics. Do you believe that the preparation of the 'Broad Economic Guidelines' should integrate this type of element? Should they be the subject of specific analysis parallel to the data relating to horizontal trends such as growth, inflation etc?***

The Broad Economic Policy Guidelines are the key instrument in the coordination of economic policies of the Member States and of the Community. They include both general and country-specific guidelines for the economic policy authorities.

In the preparation of the Guidelines, the Commission uses various different sources of information, such as statistical data on economic developments in different areas, the latest available economic forecasts, and results of surveys which reflect companies' and households' expectations and intentions. All information on the situation of the European economy and third country markets that is available to the Commission can provide a useful input into the Broad Economic Policy Guidelines.

***17. Do you share the perception that the existence of varying economic cycles between Member States within the Community is apt to hinder the capacity of enterprises to develop a truly European dimension, and at the very least to limit their capacity to operate? Do you believe that the coordination of economic policies should have as an objective to reduce these discrepancies?***

The economies of the Member States display many common features, but there are also differences among their production structures, structures of their goods and labour markets etc. Hence, cyclical developments may differ among the Members States.

The fact that different Member States, at one point in time, may be at different phases of the cycle is not necessarily harmful for enterprises: a company whose home market stagnates can benefit from faster growth in the export markets in other Member States and vice versa.

Economic stability is one of the long-established objectives of economic policy. Policies which create a stable economic environment facilitate enterprises' medium- and long-term planning. Coordination at the Community level can help to ensure that the stabilisation policies of individual Member States do not conflict or offset each other: economic interdependence is high among the Member States' economies.

Finally, one should note that the difficulties which enterprises may encounter due to cyclical fluctuations are often related to sector-specific developments, while the usual stabilisation policies operate at the aggregate macroeconomic level.

## **II Cooperation with the European Parliament**

### ***18. What is your position regarding Parliament's influence on Mutual Recognition Agreements with third countries?***

Parliament will continue to be informed about key developments in the negotiation and implementation of Mutual Recognition Agreements (MRAs). Commissioners and Commission officials will also be available to appear before Parliamentary Committees to provide up-to-date information on the industrial aspects of these agreements, whenever they are invited.

Improvements in the information flow between our institutions can be explored. Naturally the question of confidentiality in relation to ongoing negotiations and the EU's interests must be handled carefully in the same context.

It is important for Parliament to be in a position to influence negotiations in an effective and timely manner. If problems are found in practice, I am ready for my part to seek solutions.

### ***19. As industrial policy is related to many particular business interests, what do you suggest to make the legislative procedure more transparent?***

The Commission's internal rules provide for extensive consultations prior to the launching of a legislative proposal. I intend to ensure that this obligation is complied with, both in spirit and in practice, since the rules in question are also in the interests of the Commission which often obtains constructive and relevant technical opinions from interested groups in the process.

The work programme and its legislative annex are a basic source of information. There is no substitute, before any legislative initiative, for both formal and informal consultation of interested parties. The traditional consultation of national experts, representatives of economic operators and other interested parties in working groups should not be confined to the specific sector in question, but should, by including all interested parties, make it possible to have an overall view throughout the legislative procedure.

The transparency of these consultations will be reinforced, without granting privileges to

specific groups.

With regard to transparency vis-à-vis the European Parliament, please see my answers to questions 67 and 68.

### **III Competitiveness**

#### **20. *Do you think that specific Community measures might be proposed as regards benchmarking?***

Benchmarking provides a tool for monitoring the competitiveness of European industry on an ongoing basis against continuously improving world-wide best practice. The value added of concrete action at Community level is in providing access to the best expertise, in drawing on experience across the Member States and in stimulating the involvement of the greatest number of Member States.

Building on the lessons of the pilot projects, concrete benchmarking actions on a medium-term basis by achieving greater synergy with the Commission's Annual Competitiveness Report. Through the Competitiveness Report, key competitive trends and weaknesses will be identified. Benchmarking exercises will then be undertaken to identify why the European Union is lagging behind in certain areas and what practical actions need to be taken to enable Europe to catch up. The results of these focussed benchmarking exercises can in turn provide the basis for informed debate on key competitiveness factors.

Industry is the driving force behind improvements in competitiveness. Benchmarking actions must, therefore, benefit industry and small and medium-sized enterprises in particular. Business support services is an area where a Community level approach could be particularly effective in this regard. Take registration of new business and business incubator services for example. These are two areas where concrete benchmarking action at Community level is readily feasible. Therefore, priority should be given to a series of benchmarking actions covering the critical elements of business services. As Parliament has already suggested, standardisation is another area where concrete Community action could play an important role.

#### **21. *What coordination do you envisage between industrial policy and the other policies on research, the internal market, external relations and regional issues?***

The competitiveness policy carried out by the European Union is based on a number of instruments (related to competition, trade, research, training policies for example) which need to be co-ordinated to make them consistent and to ensure they reinforce each other rather than work against each other.

This is why co-ordination on these issues will be tackled by the Group of Commissioners on "growth, competitiveness and employment", which will be restarting under the new Commission.

Promoting the international competitiveness of the community industry explicitly mentioned in the treaty as a key objective of Community RTD support. Cross fertilisation between industry policy and the research programmes is essential. Regarding small and medium sized enterprises (SMEs) the 5<sup>th</sup> Framework programme follows a twin track strategy: on one hand

a SME specific horizontal programme on the other hand a higher priority on SME participation at the level of the thematic programmes.

With respect to the internal market, it is clear that while the vast majority of harmonising measures are already in place, there remain gaps to be filled and new emerging needs. The completion and further reinforcement of the internal market, be it by regulation or common European standards, will continue to be a critical element in the strengthening of European industrial competitiveness. Internal market legislative measures will for example, have a direct impact on issues such as the promotion of innovation, the «European enterprise» statute and intellectual property rights.

In the increasingly global business environment external policies must ensure that the requirements of EU enterprises are taken into account, in terms of e.g. securing market access in third countries, promoting investment interests. These objectives will be pursued notably in the coming World Trade Organisation (WTO) negotiations and through industrial co-operation, in the form of appropriate agreements or programmes or through dialogue, e.g. Trans-Atlantic-Business-Dialogue (TABD).

European regional policy also has a direct bearing on the competitiveness of the EU industry. Regions are continually competing to attract investments, and in a global economy competitive industries are taking advantage of regional competitive advantages. In parallel, the regional level appears to be a dynamic parameter for influencing “intangible” drivers of competitiveness (such as the development of human and intellectual capital, promotion of research and innovation, diffusion of knowledge). This is why regional programmes supported through the Structural Funds give an increasing financial allocation to actions dedicated to support the business environment of assisted regions, and on the development of intangible investments as well as physical infrastructure.

A particularly high priority for co-ordination of policies will of course be the need to reconcile environmental, health and consumer protection concerns with competitiveness policy. Developing scientific analysis and drawing up efficient risk management procedures will strengthen consumer confidence in goods, particularly in sensitive areas such as chemicals and foodstuffs.

Last but not least, an open and frequent dialogue with industry, Member States and the Parliament on the relevant issues will be indispensable if our policy approach at EU level is to be co-ordinated and to be relevant to industrial and commercial interests.

**22. *Do you intend to pursue the policy of your predecessor by promoting sectoral industrial policies? What lines of enquiry do you envisage following in order to promote greater sectoral competitiveness among European undertakings?***

The concept of industrial competitiveness policy, or I prefer to put it enterprise policy, is horizontal: its objective is to create a favourable environment for the development of economic activities as a whole in a context of markets which are open to international competition.

Competitiveness policy therefore, encourages innovation, sustainable development, and the elimination of barriers to trade. It stimulates flexibility, investment in knowledge, risk-taking, and the dissemination of information and know-how. It encourages businesses, wherever they are from, to invest in Europe. Competitiveness policy is also a multidisciplinary policy which brings together different Community and national policies with an impact on competitiveness

and the business environment.

This is not a sectoral approach. The main lines of the approach to competitiveness, defined in successive policy debates over the last decade, are horizontal, targeting the business environment as a whole, and not seeking to promote one sector of industry over another. This does not, however, mean that we do not take account of the variations between sectors, and the different emphasis that policies and instruments will have for different industries.

We acknowledge that special attention needs to be given to specific problems of individual sectors. To name a few prominent examples:

- the restructuring process in aeronautics and defence;
- the transition of the steel industry (enlargement; end of ECSC Treaty);
- the adaptation of the shipbuilding industry in a difficult international environment;
- the food industry: increasing the consistency and transparency of the legal framework, while safeguarding health and consumer protection; and
- pharmaceuticals: enhancing the competitive functioning of the internal market.

A more sector-specific focus is pursued in several ways.

First of all, the single market remains the cornerstone of industrial competitiveness. Completing and managing the internal market for products and services, improving its instruments and reinforcing the international dimension of the single market.

Secondly, the Commission regularly prepares sectoral communications aimed at promoting necessary industrial restructuring and the development of strategies to strengthen competitiveness.

Thirdly, the primary responsibility for ensuring the competitiveness of enterprises lies of course with the companies themselves. In a dialogue with them, the public authorities have a responsibility for ensuring that the necessary environment exists in which such competitiveness can flourish.

We should attach a lot of importance to the horizontal factors for competitiveness.. The reports on European competitiveness provide a framework for the examination of key competitiveness issues and the identification of important trends that will shape European industry in the future. They identify areas of possible benchmarking, a tool for assessing strengths and weaknesses in terms of a range of factors influencing competitiveness at European, national and regional level.

#### **IV Small and Medium-sized Undertakings (SMUs)**

***23. Do you envisage any new framework measures to support SMUs? Do you intend to improve coordination between European measures and measures taken at local, regional and national level?***

The answer to both questions is yes. It is necessary both to continue implementing programmes which have had a positive impact and to develop new initiatives and new

instruments which have European value-added.

Since enterprise policy is a policy which concerns all participants in the single market, we can only succeed with close cooperation between administrations and private players at all levels - national, regional and local. The Commission must comply with the rule that it should not undertake measures which can be better applied at national level in a decentralised way.

Actions by the Community must provide added value at European level. This is the aim of the Commission services that are at present working on the preparation of a new multiannual enterprise programme, taking into account the evaluation of the third multiannual programme, the recommendations of the task force (BEST) and the Commission communication on promoting the spirit of enterprise and competitiveness, as well as work specific to certain categories of SMEs.

**24. *What is the current importance of the Copenhagen Criteria, with particular regard to the industrial competitiveness of the CEECs?***

The importance of the Copenhagen criteria is that they allow the Union to measure and compare, on an objective basis, the progress achieved by the candidate countries on their way to accession. Each of the candidate countries is judged according to the same criteria and will proceed in its candidature at its own rate, depending on its degree of preparedness.

Two of the Copenhagen criteria have a particular bearing on industrial competitiveness and enterprise policy:

- the economic criteria requiring a 'functioning market economy' in the candidate countries, and their 'capacity to cope with competitive pressure and market forces within the Union', and
- the *acquis communautaire* criteria defined in the negotiating chapters on 'Small and medium sized undertakings' and 'Industry Policy' (which consists mainly of political concepts and measures), and 'Free Movement of Goods' (which is mainly legislative in nature).

In its judgement on industrial competitiveness, the Commission takes a very broad approach, including matters such as the supply of sufficient human and physical capital at appropriate cost, the influence of government policy and legislation in areas such as trade and competition, the degree and pace of trade integration, and the proportion of small businesses in the economy.

Concerning the latter aspect in particular, it will be necessary to monitor the development of a strong small and medium size enterprise (SME) sector which the candidate countries, just like the economies of the existing Member States, will need in order to achieve economic prosperity. Their degree of industrial restructuring can in fact be measured to a certain extent by the emergence of SMEs.

The ability to take on the free movement of goods legislation is also very important because the candidate countries' industrial competitiveness will be tested by their ability to compete on the EU internal market.

The Copenhagen competitiveness criteria are thus a very important lever. They have been of

great help in focussing the attention of the candidate countries' authorities on the factors determining sustainable industrial performance in a global market context, and they can be expected to play a vitally important role until accessions take place.

**25. *Do you have any legislative proposals likely to bring about a rapid and specific improvement in the environment in which SMUs operate?***

The most important legislative reforms which have a positive impact on small and medium-sized enterprises (SMEs) are reforms seeking to create a better administrative environment. The aim of this is to reduce the burdens and administrative costs with which SMEs are faced and to improve their competitiveness. Most of this legislation is the responsibility of the Member States.

At the same time, we must make the existing Community legislation much simpler for SMEs. Accordingly, a new initiative should be considered in order to review Community legislation from the point of view of SMEs.

The only draft legislation at present that is likely to bring about a rapid and practical improvement in the environment for SMEs is the proposal for a Directive on payment delays. The Council recently adopted a common position on this proposal which has very broad support in the European Parliament.

**26. *How do you intend to implement, as the most recent Industry Council asked you to do, the measures proposed in the BEST (Best Environment Simplification Tax) Task Force's Action Plan?***

BEST (Business Environment Simplification Task Force) made proposals for concrete measures to be taken by the Commission and the Member States to improve the quality of legislation and eliminate unnecessary burdens which restrain the development of European businesses, particularly small and medium-sized enterprises (SMEs). The key recommendations of the subsequent report covered 5 areas for action:

- Better Public Administration
- New Approaches in Education and Training
- Employment and Working Conditions
- Access to Finance
- Access to New Technologies and Encouraging Innovation

In response the Commission proposed an Action Plan for implementing the main points of these recommendations.

The Member States endorsed the Action Plan at the Industry Council on 29 April. With this they committed themselves to implementing a series of measures at national level. There is now a need for speedy and efficient implementation of the BEST Action Plan by the Member States and by the Commission.

The BEST Action Plan will be implemented in a way which ensures close co-operation between the Member States and the Commission, particularly as the Action Plan contains measures for both the Member States and the Commission to carry out, depending on their

area of competence. The Commission and the Member States have already begun to implement parts of the Action Plan. To maintain momentum, the Commission services are establishing contacts with the relevant ministries and agencies in the Member States, and with the business organisations in each Member State, in order to have a thorough appraisal of Member States' efforts on implementation. The findings will appear in a periodic report, the first edition of which will be published towards the end of 2000.

**27. *In what way do you intend to address the problem of access to finance for SMUs and, in particular, what kind of Community action would be involved (legislation, recommendation, etc.)?***

There is growing awareness that Europe must improve access to finance if it wishes to stimulate the activities of SMEs and their job-creating ability.

However, it is not the Commission's role to finance enterprises. In full compliance with the principle of subsidiarity, this task is essentially one for the private sector and the Member States. The action taken by the Commission is complementary. Primarily, it should endeavour to improve the financial environment for enterprises, and supplement this action with a small number of pilot projects concerning innovative financial instruments.

Accordingly, the Commission concentrates on exchanges of best practices via round tables between banks, other financial intermediaries and SMEs. In addition, the Commission has launched pilot projects concerning innovative financial instruments, including the creation of joint enterprises by two SMEs from two different Member States. On the basis of evaluations of these pilot projects, the Commission will consider what action it should take on them.

Progress has been made with the development of the capital markets in the last three years. However, Europe still lags behind compared with the American NASDAQ. Consequently, we must, on the one hand, continue to develop the risk capital markets for SMEs and, on the other, convince more SMEs to consider this stock exchange entry point and opt for more rapid growth and hence more job creation.

## **V Telecommunications**

**28. *How do you evaluate the results of the liberalisation so far in the telecommunication sector? What is your concept of universal services?***

Overall, the results achieved in implementation of the telecommunications regulatory package and transposition of EU Directives by Member States are positive. No significant failures have occurred, although inevitably, given the scope of the exercise, a number of shortcomings needs to be addressed. The Commission has opened infringement procedures in cases where Member States have failed to implement EU rules correctly. An update of the state of implementation will be provided in the 5<sup>th</sup> Commission Report to be submitted to the European Parliament and the Council in November 1999.

As to the effects of liberalisation on the market, EU telecommunications policy is clearly a success story. The number of service providers has increased exponentially and market shares of former monopolists are eroding. For the users, competition has resulted in significant reductions in tariffs for international calls, only partly offset by rises in cost of national or local

calls as a result of aligning tariffs with costs. Moreover, the choice and quality of services offered to both business and residential users has increased significantly. The rapid and widespread use of mobile and internet services would have been unthinkable in the former monopoly environment.

The overall impact on employment, as assessed in the Fourth implementation report and the November 1998 Commission Communication 'Job opportunities in the Information Society', is also positive, even though the shift of employment opportunities from traditional to new operators may not provide a solution for every individual employee. Between 1995 and 1997, information society related services created one in every four net new jobs .

The next challenge is to ensure that the EU regulatory framework keeps pace with rapid market and technology developments. My intention is that the Commission will submit a Communication to the European Parliament and to the Council in November in order to launch a public consultation to review the existing rules. The purpose of this exercise will be to keep EU rules limited to a minimum while striking the right balance between flexibility and legal certainty. Moreover rules should be made technology neutral and be adapted to convergence in telecommunications networks, services and technologies.

The concept of universal service as defined in the current legal framework can be seen as a safety net for situations where a competitive market would fail to deliver a guaranteed minimum level of service at an affordable price to users independent of their location. Experience with the liberalised telecommunications markets has shown that service delivery is staying well above the safety net and that incumbent operators who in most cases have been charged with providing the safety net can do so at no extra cost.

Increasing competition at all levels in the telecommunications market and rapid technological developments are likely to improve the overall price/quality ratio of service delivery even further. The fact that the universal service safety net has not been widely necessary in practice, does not mean that we should consider to abandon it. But it does probably mean that the debate on this issue as part of the overall telecommunications review will cause less controversy than has been the case over the last few years.

**29. *What do you plan to do to enhance transparency in communications rates? In your opinion, does a regulatory body need to be set up?***

It is recognized that the liberalised, multi-operator environment is leading to a loss of tariff transparency especially for residential users. It is increasingly difficult to preserve this tariff transparency due to a number of related and overlapping effects: the increasingly diverse range of services and tariff packages from a growing number of service providers, the growing range between the lowest and the highest tariff and the use of similar phone numbers with widely different prices.

It is clearly not acceptable that users of telecommunications services have more and more difficulty in finding or figuring out the price of the services they purchase. Consumers should be able to find out, without too much effort and free of charge, the tariffs of subscriptions and of individual communications.

This issue of tariff transparency will be addressed in the context of the 1999 Review. To prepare for the debate, the Commission has ordered a study to examine the problem and the

possible measures which could be adopted to guarantee an acceptable level of tariff transparency.

The possibility of establishing a European regulatory authority for telecommunications has been discussed between the institutions at various occasions during the decision-making process on the 1998 regulatory package. The issue will be re-examined in the context of the 1999 regulatory review on the basis of the experience gained with a liberalised market. . It is important to examine what the added value of such an institution could be in practice, and whether there are alternative ways and means within the existing regulatory framework to achieve a level regulatory playing field throughout the internal market.

## **VI The information society**

**30. *Do you think that it is necessary to draw up specific European legislation in this field, given that, on the one hand, national legislation is being developed and, on the other, that international coordination is being established to an ever-increasing extent ?***

The EU's Internal Market means that we are already confronted in Europe with the need to co-ordinate and develop a consistent or harmonised approach in internal cross-border trade, including for electronic commerce. This is the case, for example, with the proposed directives on electronic signatures and on certain legal aspects of electronic commerce. The solutions we introduce at Community-level, covering cross-border trade between 15 Member States, can serve as a useful basis for international discussions, as well as ensuring that the EU can speak with one voice. When preparing such legislation, it is important not to lose sight of discussions at international level.

At the same time, many different international public organisations are working on these issues or certain aspects of them – WTO, OECD, the World Intellectual Property Organisation (WIPO), the United Nations Commission on International Trade Law (UNCITRAL), the International Telecommunications Union (ITU), as well as international private organisations (Global Business Dialogue on electronic commerce - GBDe, International Chamber of Commerce - ICC, Trans-Atlantic Business Dialogue - TABD, Trans-Atlantic Consumer Dialogue - TACD).

The membership of these organisations varies, not all are effective, and there are overlaps, even some conflict and duplication, too. I therefore believe that there should be more international co-ordination, not only between national governments, but also between the different organisations involved. The speed of these developments is such, that the private sector should be closely involved in identifying the issues and proposing solutions.

In the future, the EU, through both its actions to promote the Internal Market and to develop dialogues at global level, should play a leading role in building consensus on these issues and strengthening international co-ordination. This is already the case in the WTO, where the EU is playing an active role in the work programme on electronic commerce, and in our support for the Global Business Dialogue which is a recently-founded international private sector initiative to address global electronic commerce and Internet issues.

**31. *Given the universal nature of the Internet, what do you think of the idea of an international charter being drafted to regulate the operation of the Internet in terms of***

***security, safety, viability, protection of privacy and copyright, etc. ? Do you envisage provisions applying more specifically to the European Union ? If so, what kind ?***

The objective should be to ensure that different governments can agree on how to approach a particular issue (in terms of basic principles, and who should handle the issue at international level), but not necessarily on how such a solution should be implemented (legislation, technology, codes of conduct or a combination). This does not require harmonisation, which would take too long and would not be sufficiently flexible, but rather an agreement on principles and guidelines to ensure that at least the approach of different governments is compatible. The Communication also warned that this cannot be done effectively by isolating industry and other interested parties from the process. All stakeholders need to be brought together in a consensus-building process or dialogue, in order to reach such an agreement, which could indeed be in the form of an "International Charter".

Naturally, it should be the role of the Commission, together with the Member States, to ensure that our specific concerns,

Though some of our partners have been supportive of this approach (e.g. Japan), the United States have been particularly reticent, without making any constructive counter-proposals. The Commission shall continue to promote this idea.

***32. Do you think that new international authorities need to be set up in the field of electronic commerce and undertakings involved so that obstacles to this new form of commerce may be identified and eliminated ?***

There are many international organisations involved in this field and some progress is being made on the different issues at international level. However, it is sometimes difficult to ensure adequate co-ordination between them. There is a risk of overlap or duplication, and sometimes even competition or inconsistencies. The procedures of these well-established organisations are not always well-suited to the speed of technological progress. There are also differences in membership, and different countries also give different priorities to different organisations.

It is already a great challenge to try and co-ordinate the work of all these different organisations. Therefore I would not support the creation of any new international authority in this field. What is necessary is to co-ordinate the work of existing organisations, clarify who should do what, provide timetables for rapid solutions, and ensure an active role for the private sector. It has been necessary, however, to challenge the private sector to organise itself at a global level and to try and co-ordinate its own contribution to finding solutions. This can also give an extra political impetus to the current international process. The Commission has therefore supported the creation of the Global Business Dialogue on electronic commerce and should continue to do so.

***33. How do you intend to achieve, through European legislation, convergence between the telecommunications, media and information technologies sectors in order to promote technology interoperability and the development of direct and user-friendly interfaces?***

In the Convergence Green Paper consultation of last year, the issue of interoperability and user friendly interfaces was identified as one of the key problems to be addressed in the 1999 regulatory review. The requirements for openness and interoperability are evident; the key issue is how to implement them in dynamic markets – markets where technologies change very

fast. For instance, broadcasting has had mandated open standards from the outset of any new broadcasting market. However, in today's rapidly evolving digital TV markets, this approach tends to place regulators in the position of choosing standards, "picking winners". The risk is that the regulator will make the wrong choice where several competing possibilities exist.

A second problem is that proprietary technologies often evolve much more rapidly than open standards which need extensive committee work, as we know from decades of European Broadcasting Union (EBU) working groups and more recent Digital Video Broadcasting (DVB) efforts. The legislator and the regulator thus face a difficult choice. A refusal to tolerate proprietary standards could dampen innovation and be disproportionate. On the other hand, proprietary standards do carry a high risk of market foreclosure.

However, technology often provides a solution to the problems created by technology. What we are finding is that digital TV receivers increasingly resemble personal computers with memory, storage, processor and display. The possibility to download new software means that the market is no longer a prisoner to proprietary technologies throughout its life.

The Convergence Green Paper consultation accepted that openness must be the ultimate objective. However, the market players also argued that the route to openness must be market-led. We can tolerate proprietary technologies because they are innovative, provided that appropriate access safeguards are in place both to protect the consumer and competition. The European Parliament's opinion on the Convergence Green Paper recommended "ONP-type access rules" for such bottlenecks. Where open systems do not yet exist, and there is a risk of inhibiting competition and/or jeopardising consumer benefits, this is essential. Our opportunity is a new, improved approach to achieve openness, thanks to the greater flexibility of digital technologies compared with analogue ones. The debate on the appropriate regulatory approach will continue as part of the 1999 regulatory review.

#### **34. *What is the role of public broadcasting in the information society ?***

Public broadcasting has an important role to play in Europe's democratic societies. This was underlined by the Protocol n°32 of the Amsterdam Treaty.

Some studies and predictions about the future of public broadcasting are that television broadcasting will remain the dominant mass medium that it has been for the past forty years. A recent market research study undertaken by America On Line -AOL<sup>(2)</sup> - shows that US Internet households watch around 13% less television than those without Internet. In Europe in 1998 there was a small increase in the amount of time spent watching television.

#### **35. *Will you draw up a judicial mechanism on media pluralism and concentration ?***

The question of pluralism and media concentration in the EU has been the subject of intensive debate in the European Parliament and of various Communications by the Commission. I fully acknowledge the important role of media pluralism in safeguarding democracy and cultural diversity. Nevertheless, it is important that the various national rules which have been put in place to avoid a loss of pluralism as a consequence of too much concentration, do not

fragment the internal market.

In its Communication of 1994 on the results of the Green Paper consultation on media concentration and pluralism, the Commission mentioned the possibility of an EU Directive approximating Member States' rules on media ownership. The diversity of existing national rules is seen as creating an obstacle to the functioning of the single market in this sector. However, the political complexity of the issue at stake has prevented the Commission from proposing a legal instrument as yet.

The next Commission will no doubt have to revisit the matter of media pluralism and concentration at some stage and decide on the best way forward.

**36. *It has become common place to assert that the Internet will change our present lifestyle, but it is nevertheless true that e-trading has grown to an extraordinary degree and that millions of EU citizens enjoy daily access to the network:***

***-what part could the EU play giving an impetus to Internet use, including training and free access in all schools?***

One of the most important impetus to encourage Internet use is lower prices. Here the groundwork has been set by the 1998 telecommunications liberalisation. Increased competition to sign up users is resulting in a range of special offers from established and new operators and service providers. The next step is likely to be increased possibilities for accessing and using Internet by alternative means such as via cable TV networks, upgraded telephone networks and even using television sets. The EU telecommunications regulatory framework has an ongoing key role to play in facilitating choice and competition in this area.

With respect to schools, there are a range of requirements connected to the gradual increase in the use of information technologies in education. They include developments in curriculum and teaching materials, equipment and facilities, teacher training and support as well as improved Internet access. National Authorities have in many cases established special Internet access packages for schools and other related institutions. Additional measures to encourage the use of internet at schools will be considered.

***- how could children, young people and consumers in the EU be protected against certain risks associated with the Internet? Are you in favour of self-regulation mechanisms or of some level of European intervention?***

With regard to children and young people, the EU has adopted a coherent set of policies to deal with illegal and harmful content on the Internet. These are contained in two initiatives: the Recommendation on the Protection of Minors and Human Dignity in audiovisual and information services, and the Action Plan on promoting safer use of the Internet. Both initiatives advocate closer co-operation between the EU Member States and on an international level, the use of filtering software and rating systems, and an encouragement to self-regulation of access providers.

The Recommendation favours the establishment of a national framework for self-regulation by operators of on-line services, and sets out principles and ways to achieve this.

The Action Plan provides Community co-funding for activity by industry and organisations representing the interests of users and child welfare under three main action lines: creating a

safer environment (setting up a European network of hotlines and encouraging self-regulation and codes of conduct), developing filtering and rating systems and encouraging awareness actions.

Not all aspects of protection of minors can be dealt with by self-regulation. The Commission must be actively involved in various efforts to ensure that there is co-operation between police forces and judges in the fight against crime on the Internet including child pornography. A Council decision on this issue is being prepared, and an international conference will be held in Vienna at the end of September. A draft convention being drawn up by the Council of Europe will also lay down important rules of procedure for criminal cases in keeping up with the needs of the electronic, trans-border nature of Internet.

With regard to consumer protection in the information society, this will be dealt within the context of the completion of the Internal Market for electronic commerce. A major piece of pending legislation in this respect is the Directive on certain legal aspects of electronic commerce, which aims to remove remaining obstacles to the free movement of electronic services such as the establishment of service providers, the liability of intermediaries, unsolicited commercial e-mail ("spamming"), the treatment of electronic contracts and out of court dispute settlements in relation to consumer complaints. Also important for the consumer is the draft Directive on electronic signatures, which aims to establish a Community-wide framework for electronic signatures and authentication services. The consumer also benefits from the Directive on the protection of personal data.

***- how are the Internet sites of the European institutions used?***

EUROPA is the Commission's main Web server, covering all EU activities, as far as possible in all 11 official languages, and providing links to the servers of other institutions and Member State governments. All Directorate Generals supply EUROPA with relevant, accurate, user-friendly and up-to-date information material, including policy documents, speeches, information from Representations and Delegations, lists of contact points, etc. Over 200,000 documents are presently accessible on EUROPA and the daily number of requests for information (« hits ») is now over 1,500,000 – a figure which grows every month. The EUROPA server is increasingly used as interactive tool for dialogue with the citizens (forums, chats), and mail boxes allow an increasing number of users from around the world to put questions to the Commission on European affairs.

The Commission also manages three other major Web sites providing specialised information: CORDIS on Community research and development activities; I'M EUROPE on the European markets for multimedia content and electronic information; ISPO on all Information Society related activities of the EU.

Having been responsible for the in-house computer services of the Commission, I would like to mention also the Commission's Intranet system, EuropaPlus. A little revolution in Commission's administrative practices has taken place with the changeover from publications, catalogues and guides on paper to electronic means of information provision and exchange. For example, all the administrative information notices such as job vacancies are now published in EuropaPlus, and the Commission's telephone book and service guide are now on-line and constantly up-dated. The Commission personnel have rapidly adapted to this change which is illustrated by the soaring number of consultations of EuropaPlus. The "hits" on EuropaPlus have multiplied by five over the last years from over 3 million monthly "hits" in January 1997 to over 16 million monthly hits in May 1999.

- *would the designate commissioner be in favour of treating in a different way public service broadcasters and Internet?*

The Internet is a new means of transmission of content. Broadcasters mostly concentrate on distribution of their content by broadcast television and radio, although they are now increasingly using the new medium of Internet.

The rules which apply to broadcasting are based on a number of premises which do not necessarily apply to the Internet. The number of broadcast channels, although growing, is limited by a scarcity of radio spectrum, whereas the number of Web sites is, in theory, unlimited. Broadcasting requires considerable investment whereas anyone can create a Web site or post messages to a newsgroup on the Internet. TV-programmes are selected by the broadcaster and transmitted at fixed times; the Internet user chooses when to surf and what links to follow.

The question of how these changes affect the nature of regulation will have to be analysed in the framework of the 1999 regulatory review. Due account will be taken of the results of the convergence Green Paper.

The special rules relating to public sector broadcasting are dealt with in the answers to questions 34 and 38.

**37. *What action will you take on the Green Paper on public-sector information (COM(98)585)?***

The objective of the *Green Paper on Public Sector Information in the Information Society* is to launch a wide public consultation at European level and trigger the discussion at political level on how to better use public sector information throughout Europe. The Green Paper addresses a whole range of issues related to access to, dissemination and commercial exploitation of public sector information such as: conditions of access, pricing policies, privacy considerations, copyright, competition, the access and dissemination policies of the EU-institutions.

The Commission will issue a Communication as a direct follow-up of the Green Paper. The Communication will build on the results of this consultation through concrete proposals reflecting identified needs at European level. Many replies show that information on experiences and best practices across Europe should be exchanged between all actors concerned. There seems also to be a need to encourage and raise awareness about how to facilitate citizens' access to public sector information in practical terms and in particular through the use of new technologies. Support to demonstration pilot projects should also be pursued.

**38. *What is your opinion on the idea that public broadcasting must be able to use completely the new possibilities of the digital era, and that the supply programmes providing of public broadcasters should not be limited to Information, Education, and Culture, but should also include Entertainment and Sport, in order to be able to be competitive and equal in the market situation ?***

Europe has a dual system of public and private broadcasters. The important role of public

broadcasting services as being directly related to the democratic, social and cultural needs of each society and to the need to preserve media pluralism is recognised by the Protocol number 32 annexed to the Treaty of Amsterdam. To fulfil this role it is legitimate for broadcasters entrusted with a public service remit to seek an important audience in order to cater for the needs of all social groups. The funding of public service broadcasting must not affect trading conditions and competition in the Community to an extent which would be contrary to the common interest, while the realisation of the public service remit must be taken into account. It is the Commission's responsibility to ensure compliance with Treaty provisions in general, including competition rules and the Protocol.

The Member States have the exclusive competence to define the scope and funding of public broadcasting services at a national level and these may include entertainment and sport programmes. However, where public broadcasters engage in commercial activities it is essential to distinguish between these activities and those of the public sector.

## VII INNOVATION

***39. What will be the Commission's priorities as regards innovation after the implementation of the First Action Plan, bearing in mind the different Community policies concerned (employment, environment, social and economic cohesion, competition, support for SMUs)? How would you enhance innovation in traditional industries (such as textiles, building, metalworking, etc.) which provide many jobs in Europe? What would the European Union do to eliminate the burdens and hindrances which prevent innovation?***

The key objectives of the First Action Plan – to promote innovation culture; to establish a legal, administrative and financial framework which favours innovation; and to enhance the coordination between research and innovation activity – remain entirely valid. The new Commission must now translate these objectives into concrete action.

Actions related to innovation are currently too dispersed in the Commission. In the new Commission, one new Enterprise Directorate-General will be created. The promotion of innovation culture will be one of the key tasks of this new Directorate-General.

On the related policy areas, I would like to mention social and economic cohesion. The objectives of cohesion policy concur with those of innovation policy. In my opinion, the Commission must strengthen the capacity of regions to innovate and to exploit the results of innovations. More resources from the Structural Funds should be channeled to innovation activity.

The so-called traditional industries, though often characterised by low or moderate levels of investment in research and development, can – and must – be innovative in order to remain competitive. Successful innovation by enterprises in traditional sectors depends in particular on their ability effectively to use external knowledge, for example knowledge from the software industry. For this reason, the Commission aims to encourage measures which foster the effective diffusion and use of knowledge developed outside the firm, in particular in the Community research programmes.

Horizontal measures to foster the innovation culture are equally important. The Commission intends to continue to implement measures which foster the innovation culture in the traditional sectors. Such measures will focus on education and training, mobility, innovation management and benchmarking.

To redress the hindrances to innovation, one of the vital issues where action is needed is the establishment of a European patent system. All the measures proposed in the context of SMEs (see in particular the answers to questions 23, 26 and 27), such as redressing legal and administrative hindrances and facilitating the access to risk capital, are relevant also in the context of innovation.

**40. *What would be your description of an innovative innovation policy ?***

The concept of innovation policy covers a wide range of topics, from research to product development and quality; to marketing, design and service; to innovation financing, creation of enterprises and promotion of entrepreneurial spirit and skills. To these might be added some others which are equally relevant such as, for example, the use of electronic commerce.

Taking innovation policy in this broader sense means to connect it more closely than in the past to fundamental public policy responsibilities, such as the fight against unemployment, the principle of sustainable development, and the promotion of competitiveness.

European Innovation Policy should rest on a vision integrating the complex, multi-disciplinary and interactive nature of the innovation processes which aims to reconcile knowledge with the needs of market and society.

This vision should favour:

- Cultural dimension: entrepreneurship and creativity should be recognised as "positive values" within our society and be the target of initiatives and support actions
- Framework conditions: macro-economic environment, legal and regulatory framework, taxation, competition, capital investment, but also quality of workforce and thus educational and training systems
- Measures strengthening effective relations between the main actors in the innovation system: universities, research centres, enterprises, investors, technology transfer centres/intermediaries, public administrations, etc.

Innovation policy should integrate and support measures implemented at regional and national level and, if necessary, act as catalyser of such initiatives.

Several important steps in this direction are built into the implementation of the Commission's Action Plan for Innovation. The emphasis is on the Community patent, financing aspects, enterprise creation, benchmarking and exchange of good practice and the Business Environment Simplification Task Force (BEST) recommendations.

A key element in all this is closer co-ordination with all economic operators, the Member States and the European Parliament. Along with its role in rule-making, the Commission has a variety of possibilities for dialogue with economic operators and Member States authorities some of which can be used more intensively for discussions on innovation policy. Clearly, a continuing exchange of thoughts with the European Parliament on this topic is welcome.

**41. *To date, a number of the larger EU Member States have pursued what is sometimes***

*called a fast-follower strategy: adopting world-leader technologies fast enough to participate in the early stages of the economic upswing of these branches and products. Do you think that this rather successful strategy can be continued, or are there particular risks involved in this type of technological advance ?*

It is well known that there is a divergence of views as to the validity of the concept of a fast-follower strategy. Even if one accepts the concept, it is still doubtful whether it applies to nations or even industries. Again if one accepts this concept, European industries are certainly not only fast-followers, but they also have leading positions in some important industrial sectors.

The rationale of adopting a fast-follower strategy must be evaluated on a case-by-case basis. At any rate, European firms should better exploit the already existing and thus available technological and scientific information. Furthermore, entrepreneurial innovation does not rely only on scientific research. It also requires sound business management, which covers a range of elements, such as quality, design, commercialisation, and just-in-time production. These are necessary elements of a successful corporate strategy to introduce a new product in the market.

Although involvement in the management of enterprises can not fall to the responsibility of public authorities, they can and indeed should create an environment conducive to the ongoing improvement of business management. To my mind, this should be the *raison d'être* of European enterprise policy.

## **VIII Tourism**

**42. *Could you as nominee Commissioner outline the role that you envisage for the European Community in the area of tourism? How might the new Tourism Directorate in DG XXIII best contribute to assisting and developing the sector? How can the Structural Funds be put to best use on tourism projects? Are you aware of the need for better coordination between the various Commission departments which have an impact on the tourism sector as well as with the industry itself?***

The EU's prime role in tourism is to ensure a framework which, on the one hand, enables and encourages stakeholders to make optimal use of the tourism sector's potential for growth and job creation, and on the other hand, supports national, regional and local authorities to assume their role in favour of sustainable tourism development.

The Commission service responsible for tourism must rely on working together closely both with the corresponding Member States services, within the respective spheres of competence and with due regard to the principle of subsidiarity, and with other relevant Commission departments. Concrete examples of the service's work are, in particular, consulting tourism industry experts and facilitating the exchange and dissemination of information, notably through new technologies; measures towards improving training in order to upgrade skills in the tourism industry, and towards improving the quality of tourist products; promoting environmental protection and sustainable development in tourism.

Furthermore, the Commission service responsible for tourism must function as a catalyst with regard to the tourism industry, which requires sufficient backing by a long-term Community

knowledge-driven strategy in order to develop private-public partnership, the exchange and promotion of best practice, an efficient use of existing information, and know-how and innovative processes.

From the year 2000 onwards, the implementation of the Structural Funds will be even more under the responsibility of Member States. With respect to tourism projects too, this fact must be acknowledged.. The Commission guidance document for the forthcoming Structural Funds programming period qualifies tourism as one of the areas with particular potential.

The Commission service responsible for tourism thoroughly participates in the Commission's appraisal, decisions and implementation provisions. Better co-ordination between Commission services, improved partnership and active promotion of best practice will also be beneficial to the best use of Structural Funds on tourism projects.

Intensive co-ordination between the various Commission departments which have an impact on the tourism sector, as well as with industry itself, is essential.

Better co-ordination will also include intensified and up-graded dialogue with the tourism industry. The opportunity to review the existing arrangements for ad hoc consultation involving some 40 different European organisations and create a single new European Tourism Advisory Board could be considered. The Board, which could advise the Commission on developments in European tourism, could be representative of major stakeholders and could include decision-takers of stature in the private and the public sectors.

***43. Do you share the position of the European Parliament that the future reform of the Treaty should include an article devoted to the promotion of the tourist industry?***

Since the Maastricht Treaty, the Treaty establishing the European Community includes measures in the sphere of tourism among the activities of the Community. It is clear, and has been proved for many sectors, that the basic mandate of Articles 2 and 3 of the Treaty allows sufficient policies in favour of specific sectors, of the economy to be undertaken at Community level. This should be even more true as regards the tourism sector. The absence of a specific article devoted to the promotion of a particular sector of economy or of a particular industry does not therefore prevent substantial work being done in this respect.

On recent occasions Member States have been unable to reach agreement on substantial issues concerning measures to promote European tourism. Together with the scope for action already given by the Treaty, this makes it unlikely that the debate on a specific article will be reopened in the near future.

***44. Tourism is a labour-intensive sector basically relying on the valorisation of environmental and cultural resources. The possibility of developing tourism activities is also strictly depending on proper transport activities. How do you think to co-ordinate tourism policy with employment, environmental, cultural and transport policies?***

I fully agree that co-ordination is particularly important in this field. The rules for internal co-ordination have recently improved. I intend to continue in this direction and to set up, in agreement with the other Commissioners concerned, additional arrangements where needed.

Two recent Communications of the Commission refer to the issue of co-ordination. The Communication of 21 April 1999 on *Community policies in support of employment* refers specifically to the job-creation potential of tourism. Tourism is also one of the sectors targeted under the *European Community programme of policy and action in relation to the environment and sustainable development 'Towards sustainability'*. The co-ordination must strongly involve Member States and the tourism industry itself. Member States and the Commission must co-operate on a number of priority areas such as information and exchange of knowledge, upgrading human skills and encouragement of innovation, sustainability and quality in tourism.

## **IX Miscellaneous**

**45. *In your opinion, what are the prospects for the European car manufacturing industry, given the different directions in which economic, social and environmental policies lead?***

The perspectives of the European car manufacturing industry are intimately linked with the key challenge of globalisation. Globalisation is not a new phenomenon and Europe's automotive sector has long been part of a multinational industry. Nevertheless, the last few years have seen an acceleration of mergers and acquisitions spurred by automotive firms judging it necessary to have manufacturing as well as sales on a worldwide basis. The automotive industry has become much more concentrated.

The key responsibility for confronting the challenges of the 21<sup>st</sup> century lies with the automotive companies themselves. The European Union has however an important role to play via economic, social and environmental policies. Promoting vehicle safety and environmental protection, vehicle taxation, improving the transport system and encouraging and financing cooperative research and development involve specific policies. There are two key areas where public authorities rather than private companies must act: developing technical harmonisation, in particular in respect of high standards of safety and environment, and ensuring strong and fair global competition.

Strongly and fairly competitive markets need the vigilant control of state aids within the EU and close monitoring of those granted in third countries. The Millennium Round will see issues where the EU must safeguard vital interests of its automobile sector

The European automotive sector has drastically restructured itself in the last decade. It is a fully integrated part of a global industry. Its perspectives are good but the European Union must ensure that Europe continues to be competitive in order to promote investments by the automotive industry in Member States. The EU will also continue to improve environmental protection and car safety: emissions from cars will continue to fall and passengers and pedestrians will be better protected than before.

**46. *Could you outline the future of the European pharmaceutical industry, especially the question of an internal market for pharmaceuticals?***

Like any other international industry, the future of the European pharmaceutical industry

depends first and foremost on developing innovative products that are competitive in the global market, and not just in European or national markets. The European pharmaceutical market needs to be able to identify genuine innovation effectively and to be able to reward that innovation in a sustainable manner given that the money to pay for pharmaceuticals will always be limited. The Single Market - which is an intrinsic part of enterprise policy - is an important part of creating such a competitive environment that will allow health systems to pay for innovation.

There are long-standing concerns that European pharmaceutical companies are losing ground to their US rivals. Strong competitive pressures are starting to make themselves felt. US companies appear to be gaining the upper hand in bringing innovative pharmaceuticals to the market; the manufacturers of "generic" pharmaceuticals are able to bring cheaper versions of older products to the market; and health systems, legitimately, want more and more evidence of cost-effectiveness for the products they buy.

Over the past ten years, the Community institutions have responded actively to concerns about the competitiveness of the European industry.

A viable system for issuing marketing authorisations has been developed which brings together the Commission, the European Medicines Evaluation Agency and Member State competent authorities. The time taken to issue marketing authorisations for new products has fallen to unrecognisable levels compared to the 1980s.

A proper framework for protecting intellectual property has been developed encompassing general and pharmaceutical-specific provisions. Biotechnological inventions can now also be patented in the European Union.

But concerns about the economic regulation of the pharmaceutical sector remain unresolved. Enterprise policy is indivisible from the Single Market and the single currency and the competitive pressures these entail. There are some real challenges to be faced in this sector, while there are no straightforward easy answers. Much more common ground is needed between the industrial and healthcare interests that have to be reconciled in this sector.

The experience has shown that the Single Market can broaden choice and can promote efficiency, productivity and innovation. This should be the objective in the pharmaceutical sector as well. Furthermore, global comparisons show that Europe spends a relatively large amount of its pharmaceutical budget on older pharmaceuticals. Thus we must consider ways and means to enhance investment in innovative new products by the pharmaceutical industry.

#### **47. *What is your attitude towards labelling?***

Labelling is an essential source of information, for all products intended for sale to the ultimate consumer. On the one hand, it contributes to the transparency on the market by allowing consumers to make informed choices between comparable products. On the other hand it provides consumers with essential information about the identity, the composition and the quality of the product, about its manufacturer, and, as the case may be, about the way to store, to prepare or to use the product.

Divergences in labelling requirements between Member States are potential barriers to the free movement of goods within the European Union. Harmonisation of labelling requirements therefore appears necessary, and has been achieved in respect of many categories of consumer

products in the context of the completion of the internal market.

Mandatory labelling requirements should be limited to what is necessary to achieve the safe and rational use of products; otherwise one should avoid that labelling rules become unnecessarily detailed. Producers and manufacturers should be free to provide whatever additional information they wish, provided that this is accurate and does not mislead the consumer. There should also be general rules that labelling is legible and understandable.

**48. *With a view to subsidiarity, would you prefer horizontal harmonisation of technical specifications to reciprocal recognition?***

The removal of barriers to free movement of goods due to different technical specifications is an exclusive Community competence. Subsidiarity in the sense of the Treaty applies to matters which are not of exclusive competence of the Community. The principle of subsidiarity therefore applies only insofar as there is a real choice of method for achieving the Internal Market.

Barriers to free movement of goods can arise from the divergent national measures laying down technical requirements for goods.

The Treaty provides three steps for eliminating technical barriers:

1. It limits the scope for Member States to adopt national measures.
2. It provides for mutual recognition where different national technical measures have been adopted to achieve ends consistent with the Treaty.
3. It provides for harmonisation where the effective operation of mutual recognition is prevented or impeded by diverging levels of protection in national technical measures.

Mutual recognition and harmonisation are not, therefore, real alternatives: mutual recognition is the norm, harmonisation the last resort. Harmonisation is what has to be done if mutual recognition does not work.

Of course, judgement always has to be exercised, as to how far failures of mutual recognition reflect real divergences in the level of protection, or administrative failures which can be resolved by time and effort. Further, minor differences in technical requirements do not necessarily constitute barriers to free movement.

The adoption of modern legislative techniques such as the New Approach have also reduced the amount of technical prescription involved in harmonisation measures. The New Approach focuses on the objectives of public policy, such as levels of protection, rather than the technical solutions. It leaves to the market, or to harmonised European standards, to identify specific technical solutions which meet their objectives. (Previously, legislation tended to lay down detailed technical requirements, limiting the scope for innovative industrial solutions.) In the general sense of subsidiarity, this has enabled a much larger scope to be left for firms to find their own technical solutions, in some cases leaving more flexibility than was the case under previous national technical measures.

## **I. GMOs**

**49. In view of statements made by several delegations when agreeing a common position on the proposed review of Directive 90/220 at ENVI Council 24/25 June 1999, would you encourage Member States to apply a moratorium on any further authorisations permitting the release of GMOs? Would you recommend taking legal action against Member States who apply such a moratorium?**

First, it is useful to recall that biotechnology constitutes one of the key enabling technologies that will allow the EU to benefit from important developments (such as those already taking place in the pharmaceutical area) and preserve its competitiveness and job creation capacity. However, only the safe use of this technology, both from an environmental and human health point of view, is acceptable.

In this light, and despite the fact that Directive 90/220 falls in the competence area of the Commissioner in charge of environmental affairs, I would like to make the following comments:

- The Community has already developed an extensive regulatory framework aimed at guaranteeing a cautious approach towards biotechnology and ensuring a high level of environmental and human health safety. The revision of Directive 90/220 further reinforces the applicable rules and confirms this desire to guarantee the safe use of this technology.
- As regards Community legislation in force, the Commission has to fulfil its own role, which consists in loyally applying it and guaranteeing its application by Member States. A moratorium is not foreseen under current legislation. However, present legislation foresees the possibility for one or several Member States to formulate their objections before a given GMO is put on the market, or their scientific reasons to stop its commercialisation.

Finally, a wide and well-informed debate on biotechnology and its applications, their benefits, and the problems they might raise, is highly desirable. The Commission should take the necessary initiatives to help such a debate to take place. Both the European population and decision-makers would benefit from such a debate allowing action to be undertaken in full knowledge of all arguments and consequences.

## **II. Food safety**

**50. Has the Union adequate food safety standards? If not, in what way are they inadequate? Are its food safety controls deficient and, if so, in what way? How would you envisage improving food safety standards? When do you consider such standards are a matter for individual Member States and when for advice or action by the EU?**

The primary responsibility for setting food standards lies with the Community. There is a substantial *acquis communautaire* in this field, which needs to be streamlined, updated in some respects, and – most importantly – completed or improved in respect of animal feed. The need to modernise EU food law will be addressed in the forthcoming Communication on the follow-up to the Green Paper (see answer to Question 52).

Member States are responsible for implementing food safety standards, for operating controls and for taking risk limiting action. Through the system of rapid alerts on hazardous foods, information concerning problems identified by a Member State must be communicated rapidly

to the Commission and then onwards to the other Member States. This system must be strengthened and where necessary broadened to ensure that Community measures can be taken so that potentially dangerous foods produced in the EU can be quickly withdrawn.

Recent food scares have highlighted the need to ensure that the food supply chain is considered as a continuum from farm to fork. The policy of the Commission should be to continue the assessment of the changes required to Community legislation and to the decision-making process in order to ensure that foodstuffs at all stages of production and marketing are protected by similar rules.

The access to information and the capacity to analyse it should be reviewed in the light of the recent emergencies to ensure that the appropriate mechanisms and structures are in place to provide accurate, robust and timely information to regulators, both at national and at Community level.

In the longer term the Commission has to ensure that EU food safety standards keep pace with technology, encouraging the development of an innovative, responsible and competitive food industry which can continue to supply consumers with foods at the quality they demand.

At the same time the Commission has to be capable of rebuilding consumer and trading partner confidence in the European system of food safety. Increased transparency is needed in the development of food legislation with greater involvement of all interested parties including consumers and industry.

***51. In view of recent events, what initiatives do you believe are necessary/do you envisage taking in order to ensure that food not suitable for human consumption does not reach consumers directly or indirectly through animal feedstuffs? What measures are needed to prevent future cases of contamination?***

- . ***Public information?***
- . ***Legislation?***
- . ***Control measures?***
- . ***Crisis management at EU and Member State level?***
- . ***Dissemination of best practice?***

Bearing in mind the recent food safety scares on BSE and dioxin within the Community, the Commission must focus on certain improvements in the legislative framework, the method in which it obtains scientific and other relevant advice, and the mechanisms for crisis management.

My primary responsibility will be the legislative framework for foodstuffs, in close co-operation with the Commissioner for Health and Consumer protection. He has the primary responsibility for veterinary and phytosanitary legislation, for scientific advice, for controls and inspections, and for the management of crisis - in particular the operation of the Rapid Alert System.

In relation to the legislative framework necessary to reduce the risk of adverse contamination of foodstuffs and the ability of the system to react where this has occurred, the Commission should work towards the development of measures which are based on, inter alia:

- farm to fork approach for food hygiene and safety legislation,
- improvements in traceability of foodstuffs at all stages of the food supply chain,
- improvements in the communication of risk between the Commission, industry, third countries and consumers,
- increase in the requirements placed on the food business to withdraw food and to ensure that the food control officials are notified of any risk identified by the food business.
- Improvements to the powers of Commission food inspectors particularly in relation to third country controls for foods of vegetal origin.

In addition, the Commission should ensure that appropriate measures and controls are in place to prevent the contamination of animal feed with substances with the potential to cause adverse contamination of meats and processed foods. Controls of animal feedingstuff factories should be enhanced with control officials able to take immediate action where a risk is identified.

Where a food safety crisis has been identified and action is required at Community level the speed at which action is taken should be improved. The action itself should be proportionate, i.e. objective and accurate. The quality of the information and the accuracy and relevance of the information received should be double checked in a responsible manner so as to prevent undue alarm.

**52. *What follow-up do you envisage proposing to the ‘Green Paper on the General Principles of Food Law in the EU’ (April 1997)? When will this happen?***

The Commission shall carefully consider the answers to the April 1997 “Green Paper on the General Principles of Food Law in the EU”; a summary of the comments received was published on the Internet in February 1998.

A Communication should be published, in which the Commission will indicate different steps that it intends to take in the light of the debate initiated with the Green Paper and in response to recent events and the public debate concerning food safety.

The food legislation of the European Union has evolved considerably over the last thirty years, reflecting a blend of scientific, societal, political and economic forces. Many provisions have been developed in a comprehensive and co-ordinated manner, whilst others have been introduced in an ad hoc way, responding to food safety concerns, the need to complete the internal market or political issues of the day.

There is a need to bring these provisions into a more coherent, more transparent and simple food law, based on a single set of general principles. The Communication will thus focus on the general principles underpinning EU food law, its adaptability and public acceptance and the need to streamline the decision-making process for updating the existing provisions. The Communication will also announce various legislative initiatives which the Commission intends to take in the coming years.

**ADDITIONAL QUESTIONS  
TABLED BY POLITICAL GROUPS OR INDIVIDUAL MEMBERS**

***GENERAL QUESTIONS***

<b>I      Personal and professional</b>
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**53.      *Will the Commissioners be instructed to declare all associations of a political nature, not just memberships of foundations, and if not why not? And will the declarations be updated each year? (Question tabled by V-ALE)***

The designated Commissioners gave their political agreement in their first informal meeting to a Code of Conduct presented by the designated President. This Code specifies that activities in foundations or similar bodies, i.e. non-profit making organisations or associations which engage in activity in the public interest in political, cultural, artistic or charitable field, must be declared by the Commissioners. The declarations will be revised when the relevant information changes. I agree that they should be updated at least once a year. I see no problem in declaring all associations of a political nature, if that is considered to be relevant.

**54.      *Will the Commission introduce a fully transparent and enforceable system for all lobbyists, which would record whom they represent on each visit to the Commission, and make available to the public all contact between such lobbyists and the Commission? (Question tabled by V-ALE)***

A constructive dialogue with different stakeholders is important, and must be based on principles of openness and non-discrimination. The current rules for contacts with interest groups are laid down in the Commission Communication "An open and structured dialogue between the Commission and special interest groups" (OJ C 63 of 5.3.1993).

The current rules could be revised to even more open direction in the framework of the Prodi Commission's overall policy of transparency.

**55.      *The first 'wise-men's' report indicated a significant mis-match between task resources available to Commission and tasks assigned by the Council. How would you set priorities for your directorates, and decide on resources allocated? (Question tabled by Mr Harbour, PPE)***

In the near future, the Commission will be able to move to the system of Activity Based Budgeting (ABB), i.e. a common framework for planning, budgeting and management of financial and human resources.

ABB allows for a better translation of political priorities into budgetary resources. It means that the policy objectives will be decided first, then operational and human resources according to these priorities. Of course, there will be a general budget constraint for resources. In such a situation the Commission must be able to say also no, if new tasks are proposed without additional resources, and if the redeployment possibilities have been exhausted.

ABB will enhance the transparency of legislative and budgetary decision-making by clearly showing the total amount of operational administrative and human resources required for each activity.

These principles should be phased in. In the context of the joint Commission debate on its work programme and on the budget priorities, the objectives will be decided in January. After the priority debate, a detailed budget proposal – including human resources – will be made by the directorate general

on the basis of the proposal of each directorate. It is also important that the proposal of the directorate is based on the proposal of the units.

**56. *How would you set the balance between introducing new regulations and enforcing existing rules? What action would you take if you were asked by the Council of Ministers to undertake a task for which resources were clearly inadequate? (Question tabled by Mr Harbour, PPE)***

The correct balance has to be assessed for each specific question at hand, on the basis of some general principles. Regulation should be the last resort if other, "lighter" instruments like information, voluntary agreements, fiscal incentives or disincentives fail to achieve the desired objectives. Similarly, regulation at a European level should only be considered if national regulations, in combination with the principle of mutual recognition, cannot sufficiently achieve a Community objective, in particular by reason of the scale or effects of the proposed action.

If a European regulation is considered most appropriate, every effort has to be made to have good and effective regulations. This means that each regulation must be simple, consistent with other regulations, and easily understandable.

All new proposals for European regulations therefore must be carefully consulted on and evaluated. The Commission's Business Impact Assessment System needs to be continuously improved and fully applied.

Efforts need to continue to simplify existing regulation, in particular in the internal market. The "SLIM" initiative for the simplification of internal market legislation and the "BEST" Task Force for the simplification of the business environment will have to be continued. Please see also to my answer to question 73.

With regard to the relationship between tasks and resources, see the answer to question 55. If a new task is to be imposed on the Commission without new resources and the possibilities for redeployment have been exhausted, the Commission should reject the task.

**57. *The first 'wise-men's' report identified many problems resulting from the use of independent advisers and consultants. What is your attitude to the use of consultants? How would you manage the use of consultants by your services? (Question tabled by Mr Harbour, PPE)***

The use of Technical assistance offices (TAOs) has been excessive and too weakly controlled. The practice had developed to facilitate the implementation of a number of Community programmes without specific rules having been established beforehand.

Recent decisions of Parliament and the Commission have re-established transparency and clarity with regard to TAOs. Particularly important has been the decision of the European Parliament to allow the financing of external personnel from the operational appropriations only if there is a specific commentary on the budget line, which also defines the absolute ceiling for such expenditure. Gradually also the appropriate authorisation in the legal base will be required.

The Commission for its part has adopted key principles and a more detailed Vademecum on the use of TAO, which further clarifies the rules of using TAOs to facilitate better management of them by the administration.

One of the key principles is that public sector tasks remain the exclusive competence of the public sector. A question which remains is whether particular executive agencies, which belong to the public domain, should be created to accomplish specific implementation tasks. This would require a more profound analysis.

It can be important from time to time to use external consultants for clearly specified tasks to have an external view or to have expertise in the area where the Commission does not have particular expertise. Procedures for such contracts must be transparent and open for all. One must be particularly careful to avoid any conflict of interests.

**58. *Please provide an outline of your management approach, in particular your attitude to staff appraisals, objective settings, and performance assessment. (Question tabled by Mr Harbour, PPE)***

Efficient management is based on clear objectives for each official and subsequent performance assessment. These issues are linked. The reform process requires that every department is given management tools. The MAP-2000 program, which the European Parliament has supported, has increased the budgetary and administrative autonomy of the services. This should be complemented by clear priority-setting and also by performance assessment.

It is essential that not only Directors General but all Commission officials will be empowered to carry out responsibilities to their full capacity, and that good performance is recognised and rewarded. This implies that within each DG the layers of hierarchy in carrying out different tasks will be reduced and the decision-making powers and responsibilities of Heads of units will be reinforced.

A highly professional leadership and management is required from the heads of each Directorate and Unit. Each Head of unit should have regular objective-setting and assessment discussions with each official of each grade working in their units. This kind of active leadership must complement the staff reports that are required to be produced under the Staff Regulations. In this context, the vast programme for training of middle management that is being prepared by the Commission, and for which the Parliament has accepted budgetary resources, will give an important contribution. The current system of statutory staff reports merits also to be assessed critically in view of a possible review.

With regard to management of the relations between the Commissioner and Directorates General, please see my answers to questions 5 and 7 - 10.

**59. *What in your view are the criteria for measuring the success of your policy? (Question by Mr Zimeray, PSE)***

My policies will be successful if they can by the means of legislation or other Community level action bring about concrete benefits for the citizens of Europe and for European enterprises. A successful Community policy will contribute to sustainable economic growth, to high level of employment and to social cohesion.

In order to ensure that the Community policies do actually have the desired impact, a careful ex-ante and ex-post evaluation of each policy is necessary. The objectives of the programs should be set so that the measurement of success of programs can be effectively done in ex-post evaluation.

It is also important to include all the relevant stakeholders in the policy-making and policy-assessment process.

**60. Do you think you have sufficient legal, technical and human resources to carry out your task effectively? (Question by Mr Zimeray, PSE)**

As far as technical and human resources are concerned, the intention of the new Commission is to create a new Directorate General "Enterprises" which will combine DG III, DG XXIII and the innovation directorate of DG XIII. It would appear that resources can be sufficiently mobilised from the synergies among these services to meet the objectives of a streamlined DG "Enterprises".

Concerning the information society, the tasks are evolving rapidly and I am not in a position at the moment to take a conclusive position on the resources required.

The question whether the legal expertise of services should be reinforced is under reflection and can be discussed in the broader context of the reform of the Commission.

## **II Independence**

**61. Do you undertake to resign if the Commission President asks you to resign? (Question by the PSE Group)**

I have made my commitment to Mr. Prodi to resign if he asks me to do so.

## **III Future of the European Union**

**62. Please describe your view of European integration. What measures do you plan to take to promote employment in the European Union? (Question by the PSE Group)**

For my views on European integration, please see my answer to question number 4.

On employment: Europe has to take advantage of the potential that the information society offers for job creation. It is estimated that 1 out of 4 net new jobs in Europe are attributable to the development of the information society. It is my commitment to try my utmost to promote the information society in a way that is compatible with the European model. By definition, the information society should be accessible to all, and must be beneficial to European society as a whole. Nobody should be excluded from the information society. In this regard, please see also my answer to question 93.

A coherent, encompassing Community approach is urgently needed to harness the new technologies for the creation of employment. First, a reinforced action is needed to boost skills in information technologies. It is estimated that there are more than 500,000 vacant jobs in Europe because the enterprises can not find qualified personnel for information technology tasks. This problem has to be addressed throughout the educational curriculum of European pupils and students and via life-long learning. Please see also my answer to question number 92.

The beneficial development of the European information society requires also that the project of liberalising the telecommunications sector has to be brought up-to-date with the fast-advancing technologies in order to provide a solid and predictable regulatory framework. In addition, the European research and technological development effort has to be maintained and reinforced by concentrating actions and simplifying procedures.

Secondly, it is essential to create a friendly environment for European enterprises. There is a huge, unused potential for creativeness and for new business ideas that could be unleashed by creating a genuine European enterprise culture. Key issues of the future are to cut the red tape obstructing the creation of new start-ups and to further facilitate access of SMEs to risk capital.

Rigorous follow-up and implementation of the Action Plan based on the proposals of the BEST (Business Environment Simplification Task Force) group is essential for alleviating the regulatory burden on enterprises. With regard to facilitating access of SMEs to risk capital, the Commission has launched a number of pilot projects, is closely monitoring the situation and will present a report in the second semester of the year 2000. For more detailed answers on the BEST Action Plan and on access of SMEs to risk capital, please see my answers to questions 26 and 27.

**63. *What measures to do you plan to take to promote 'gender mainstreaming' in all the Union's policies? (Question by the PSE Group)***

On my proposal the outgoing Commission adopted the third Action programme for equal opportunities within the Commission for 1997-2000, which was essentially based on the "mainstreaming" approach. The results with regard to increasing the number of women particularly in management position were encouraging, but the total figures are not yet at all satisfactory.

A number of important mainstreaming efforts have been done in the field of development, different structural funds and rural policy. But gender mainstreaming is a question of great importance also with regard to the information society - there exists a clear gender gap in the use of computers and the Internet. Men have, for some reason, been quicker to become users of new technologies. The closing of this gender gap requires specific actions that aim to change the existing mindsets. The efforts have to be made at every level and started very early at school.

I am very happy that the designated Commission decided in its first informal meeting to create a Standing Commissioners' Group on Equal Opportunities. I will give my full support to its work. I am also ready to reinforce gender mainstreaming efforts both in the fields of enterprise policy and the information society.

**64. *What measures to do you plan to take to make the Commission's working methods more transparent and closer to the citizen? (Question by the PSE Group)***

The forthcoming proposal of the Commission under the new article 255 of the Treaty with regard to access to documents of Community institutions will be of utmost importance. It must fulfil the legitimate expectations of Europeans and stand up to the letter and spirit of the Treaty provisions.

However, a genuine transparency is not only about rules, but also about effective communication and about the attitude of each official of the Community institutions. First, we have to make a significant effort of communication about the Commission, its decision-making and its decisions. Here, I believe that the use of the Internet will play a major role. Secondly, answering in a clear manner to the questions of the citizens' has to be a duty and pride of the officials. EU decisions are often complicated and a real effort of jargon-free explanation has to be made by everybody.

**65. *In general, how do you plan to publicise the European Union's objectives and operation to Europe's citizens? (Question by the PSE Group)***

A major effort of communication about the Union and its operation has to be made. In my field of competence, I will undertake to ensure that information about policies is given in a clear and comprehensible manner. Particular attention has to be paid to different marginal groups - those who are most interested and have the resources for accessing information will make the effort to find it. But those people who do not have the necessary resources to get information and who do not have sufficient knowledge to be interested in the first place, have to be targeted specifically.

In my field, the use of the Internet as a medium for informing citizens is already playing a major role. However, the Commission must ensure that our web-sites are well managed, the information is constantly updated, and made available in a form that can retain the interest of citizens in the ever increasing flow of information of today's society.

The Internet is a huge new opportunity. But we must also take major action at European level and actions in all Member States so that the Internet will be available for all in the early years of the next millennium.

**66. *What measures do you plan to take to ensure that the Union's funds are used and scrutinised more effectively? (Question by the PSE Group)***

To improve the efficiency of the use of Community funds is a continuous task. While progress has been made in the framework of the SEM 2000 programme, new efforts are required to assure the full implementation of decisions taken and to close remaining gaps. These efforts have to bring together both the Community institutions and the Member States.

Among others the following measures should be considered:

The priorities should be defined more and more clearly. The EU must concentrate on the areas where there is a real European value-added. Strict priority-setting is an important starting point in sound financial management.

Evaluations on the programs are being done more and more often after the launch of the SEM-2000 program. But to guarantee a strong-value-for money approach, evaluation must still be more systematically borne in mind already in the drafting stage of legislation and programs. Furthermore, the results of evaluation must be efficiently integrated in the decision-making on the budgets and programs. If the evaluation shows that the European value-added of the program is limited or non-existent, actions should be stopped. But if the evaluations give positive results, the possibility of additional funds should be raised. Similarly, the new provisions for systematic auditing of Technical Assistance Offices and of Community subsidies above a certain size must be fully implemented.

The procedures in community spending should be simplified essentially. For example, for external programs alone, at one point 47 different contract procedures had been developed. They can be radically standardised to no more than half a dozen procedures, as has been recently undertaken by the competent services. Simple and transparent procedures reduce inefficiency and bureaucracy and facilitate control and inspection. And they make it easier for our clients to work with the Commission.

In agriculture the system of clearance of accounts and in the structural funds the financial corrections should be applied vigorously. If a Member State systematically fails to apply the financial regulations, these tools give to the Commission a possibility to recover funds. The clearance of accounts procedure is now well established. The Commission proposals for an effective system of financial corrections for the structural funds were watered down by Council: in particular, the procedure has been made very

complicated. But the clear legal base for financial corrections now exists and it will be one of the first tasks of the new Commission to take the implementing decisions and to apply them fully.

More generally the responsabilisation of the Member States down to the final recipient must continue, involving them more directly in the contradictory procedures with the Court of Auditors and in the discharge procedure of the European Parliament.

#### **IV Democratic accountability to the European Parliament**

**67. *How will you be organising your relations with the European Parliament? (Question by the PSE Group)***

I am looking forward to working in close co-operation with the Parliament. I will be available to the Parliament in its committees and in plenary sessions for any policy issue within my competence. Regular contacts must be organised between the responsible committee and the competent Commissioner. This includes not only the committee meetings, but also availability to all groups and members of the committee during the whole mandate. Commissioners should also be available upon invitation to the political groups of the Parliament for an open dialogue. In this area, I have had very good experiences with the previous European Parliament and its committees.

Absolute transparency should be the guiding principle in the relations between the Parliament and the Commission. This implies that all the relevant documentation should be made available to the Parliament in due time.

I believe that a close and co-operative relationship between the Commission and the Parliament in all transparency is the only way to guarantee the success of Community policies. The revised co-decision procedure offers a possibility to complete legislative procedure in one reading. The only way to take advantage of this possibility is to keep the Parliament fully informed of the work undertaken in the Council's working groups. I will ensure that in my fields of competence the inter-institutional agreement concerning the co-decision procedure is fully implemented.

**68. *Do you undertake not to disclose Commission decisions to the press before notifying the European Parliament's relevant bodies of those decisions? (Question by the PSE Group)***

There is no doubt that the European Parliament has to be informed of Commission decisions without delay. But also the European public has the right to be informed. We need to look together at the practical solutions in order to guarantee the highest degree of transparency in both respects.

Whenever major Commission decisions are taken and the European Parliament is in session, the Commission should inform immediately the Parliament in plenary session and hold a press conference afterwards. In addition, the Commissioners particularly responsible for the decision taken could be available for parliamentary committees on the very same day. This procedure was followed for example as regards the Agenda 2000 proposals. In any case, at least the committee leadership should get the relevant documents before they are distributed to the press.

I am looking forward to hear the views of the Parliament on how to arrange the transmission of information. Electronic mail could be used more extensively to ensure rapid transmission of data.

## I Concept of industrial policy

**69. Do you consider that the industrial dimension of Europe remains a priority objective and will thus involve determined policies in this area? (Question by Mr Caudron, PSE)**

Industry remains a cornerstone of economic development and growth in the industrialised countries. While manufacturing industry now only accounts for 20% of the total value added generated in the European Union, it generates directly an additional value added of at least 15%, accounted for by services to enterprises. As industrial enterprises used to incorporate several of these service functions, one should not underestimate the importance of production as a vector in the development of the service sector.

A proactive enterprise policy is undoubtedly needed on the part of both the national public authorities and the Community authorities. However, this policy does not necessarily require a sectoral approach. It must at least:

- ensure the coherence of policies with an impact on the economic environment of enterprises. This entails good coordination in order to avoid conflicts between measures decided upon and implemented in different forums and at different levels (regional, national, European, international);
- facilitate the development of the service economy which has job-creating potential. This means in particular that there must be coherence between policies designed to improve the economic environment of manufacturing enterprises (e.g. access to research and development funding, structural funds for training, etc.) and policies concerning service enterprises.

Lastly, please see also the answers concerning the concept of industrial policy and competitiveness (in particular questions 11, 13, 21 and 22). Article 157 of the Treaty also says that industrial competitiveness policy has the objective of encouraging an environment favourable to initiative and to the development of undertakings throughout the Community, particularly small and medium-sized undertakings, in accordance with a system of markets open to international competition.

**70. It is clear that there has been a continuing and significant shift in the balance of employment and contribution to the economy from the industry sector into services such as Commerce. How does the Commissioner propose to manage this development within his new, restructured portfolio? In the light of the importance to these sectors of major policy issues facing the new Commission, such as employment and the Millennium Trade Round, will he reassure the Parliament that sufficient resources and an appropriate place in the Commission structure will be provided for these sectors? (Question tabled by the ELDR Group)**

The aim of regrouping Directorates-General III (Industry) and XXIII (Enterprise Policy, Commerce, Tourism and Social Economy) in a single portfolio at the request of President Prodi is to improve the synergy and coherence between the various initiatives designed to improve the competitiveness of enterprises in Europe and meet the challenges of the structural developments in progress. The objective must be to correct Europe's current inability to establish itself more effectively in new and promising sectors. It should be borne in mind that over 90% of net job creation in the United States is attributable to innovative sectors, including services to enterprises.

EU policy actions in the field of business services are based on a Commission Communication establishing a common policy framework for Business Services (and other related services) adopted in late 1998. Priority is now given to abolishing national regulatory and professional barriers to cross-border trade in Business Services with a view to creating a genuine Internal Market in this field. Another important action underway is to improve the very scarce data and information on the dynamic role of Business Services in the economy in order to get a sound decision basis at enterprise and political level.

Measures are also undertaken to represent the interests of Business Services companies in the coming Millennium Round negotiations and to promote a social dialogue of the social partners, improving labour market flexibility. Further activities are envisaged in the fields of benchmarking, standardisation and certification of services as well as in the areas of research and development, Innovation, Structural Funds, small and medium-sized enterprise programs etc in support of Business Services companies. A progress report on the results of the above-mentioned actions will be presented to the European Parliament and to the Council under the Portuguese Presidency.

Where commerce is concerned, the Commission has taken stock of this sector in a "Green Paper" and outlined possible courses of action in the White Paper on Commerce. These initiatives, which were taken in response to considerable demand, were particularly well received by the institutions, in particular Parliament, and professional circles. The action plan drawn up in this connection contains a series of measures reflecting the specific features of commerce which will gradually be implemented.

It is necessary that the growing role of the service sector will be reflected also in the structure of the new Enterprise Directorate General.

**71. *Given the 'Action Plan' set out by the White Paper on Commerce are you planning to secure adequate human and financial resources for its proper implementation? (Question tabled by Mr Folias, PPE)***

The White Paper on Commerce adopted on 27.1.99 contains an Action Plan addressing numerous objectives, which have to be implemented during the years 1999 - 2003. The Commission has already committed itself to activities designed to achieve those objectives. I shall therefore ensure that sufficient resources are made available for its implementation.

The formation of the new Enterprise portfolio bringing together the Commission services responsible for both the principal manufacturing and the principal service sectors will help to achieve a more efficient use of resources, with the allocation of resources to priority tasks. And it is clear that services, including commerce, must have a higher priority than before, taking into account the increasingly important role the services play in employment.

**72. *Over the next five years, will national governments have a stronger or weaker role to play in policing internal market directives? (Question tabled by Mr Harbour, PPE)***

The Member States have primary responsibility for implementing Community Directives on their respective territories; consequently, their role will be increasingly important for the implementation of the internal market in the coming years.

A number of measures were taken by the outgoing Commission under the "internal market action plan" proposed to the Member States in June 1997 and aiming in particular at making the legislation more effective, and removing the main distortions and obstacles affecting the market. Most of these measures are the responsibility of the Member States, but experience shows that the national administrations

sometimes find it difficult to take the measures that are needed. That is why the Commission cannot offload these tasks to the Member States entirely; it has to ensure a minimum amount of coherence and control vis-à-vis the measures taken by the Member States.

Given that the biggest proportion of the legislation relating to industrial products falls within the area of responsibility of the Enterprise Directorate-General, it will be heavily involved in this, in particular as regards recourse to harmonised standards, and the conformity assessment procedures, which are intended to enable the national authorities and economic operators to comply with the Community directives.

More specifically, the surveillance of the Community market needs to be coordinated more effectively in order to avoid any distortions in the application of the directives. Steps have already been taken in this connection, and further action will be taken in order to determine at Community level the measures needed for the coherent and harmonious operation of market surveillance at national level.

Completion of the internal market is still one of the Community's major policies and may necessitate new harmonisation proposals. However, it is clear that if the internal market is to function more effectively there is a need, first and foremost, for greater involvement of the national governments in the actual implementation of what has already been decided on by Parliament and the Council .

**73. *Do you consider that the regulatory burden on business should be lightened? How would you monitor the regulatory burden on business? (Question tabled by Mr Harbour, PPE)***

Easing the regulatory burden on enterprises is a constant concern. In particular, the Commission launched initiatives to simplify internal market legislation (SLIM) in 1996 and set up the Task Force in the Simplification of the Business Environment (BEST) in 1997. It will continue with these measures, which will be reinforced on the basis of evaluations.

The protection of public interests can only be achieved if a balance is struck between the interests of economic operators as a whole and public imperatives (e.g. protection of the environment, public health, etc.). To maintain the competitiveness of enterprises it is necessary to evaluate the cost of legislative proposals, in particular with regard to small and medium-sized enterprises.

Clear, comprehensible and transparent legislation in itself creates confidence between the parties concerned, and has the effect of reducing implementation costs. Furthermore, modern legislation should leave as much responsibility as possible to the economic operators.

These principles have been formulated and applied in the context of the "New Approach" policy (see answer to question 48). It will be necessary to examine the possibilities of extending these principles to other industrial sectors.

The regulatory burden on enterprises must be evaluated on the basis of ongoing dialogue with the parties concerned. In this connection, the Commission has set up a Business Impact Assessment System to ensure that proposed legislation does not generate excessive administrative burdens for enterprises and that they are informed about the impact of the proposals in question. This system and its application should be reinforced.

**74. *Solving the unemployment problem is generally seen as a priority for European industrial policy. What are the main reasons for the low employment rate in Europe? (Question by Mr Rübig, PPE)***

It has to admitted that Europe has, in recent years, been unable to create enough jobs, and this has worsened the gap between European employment rates and those in the United States and Japan. To various degrees, growth without job-creation has been a constant feature of Europe's economies.

Several factors explain this inability to create new jobs. One important factor is Europe's inability to establish itself rapidly in new promising sectors. The United States has created new jobs in technically-advanced industries and in services. To improve the situation in Europe it is necessary to disseminate innovation and ensure easier access to risk capital for small and medium-sized enterprises with a strong growth potential.

In addition, a second important factor which explains the lack of job creation lies in the fact that the growth of productivity in the EU has been accompanied above all by greater capital intensity. Improvements in the operation of the European labour market are a precondition for competitiveness and a decisive factor where the level of employment is concerned.

With regard to action in this area, please see the answers to questions 11, 12 and 13.

**75. *After years of domination – at least, in the popular mind – by a liberal or supply-side economic policy, with EMU there has begun to be a renaissance of demand policy (Keynesianism). Which economic policy concept do you think has a future? (Question by Mr Rübig, PPE)***

The Commission's economic policy measures are outside the constant academic debate between liberalism and neo-Keynesianism, however attractive that might be, and tend to focus on policies aimed at creating favourable conditions for economic growth and employment.

The launch of the euro marked a major turning point in the process of European integration. It is the culmination of unprecedented economic and political cooperation. This process has profoundly transformed the structure and functioning of the Union's economy. The euro will make a decisive contribution to the Union's prosperity and stability.

The challenge of employment has become the central priority for economic policy. The euro and the smooth functioning of the Economic and Monetary Union will create a favourable framework. However, the achievement, in the medium term, of economic growth and a high and sustainable level of employment will entail a coherent overall strategy comprising:

- sound macro-economic policies which are conducive to growth, employment and price stability
- policies which improve the overall operation of the labour markets and which in particular encourage employability, entrepreneurship, adaptability and equal opportunities;
- economic reforms to increase the efficiency and flexibility of the markets for goods, services and capital. This entails the smooth functioning of the internal market and the creation of an environment conducive to the competitiveness of businesses in compliance with the principle of sustainable development entailing an integrated approach to the economic development, environmental protection and social development.

Greater competitiveness is essential in order to increase the standard of living for the population as a whole. It generates economic growth, creates jobs and strengthens economic and social cohesion. President Prodi's decision to group together in one and the same portfolio competitiveness policy, policy

concerning small and medium-sized enterprises and innovation policy will ensure the coherence of a European enterprise policy geared to growth and employment.

**76. *Competition between tax systems, or harmonisation of the European tax system – which one's right? (Question by Mr Rübig, PPE)***

This is a subject which comes more particularly under the area of responsibility of the Commissioner designate for the internal market, but it has a major impact on the activity of enterprises, in particular on account of its direct and indirect effects on the flow of products and the mobility of capital.

Generally speaking, I think that there are areas in the European Union where tax harmonisation is necessary, but there are also others for which a different approach may be considered.

In other words, areas that are closely linked to the functioning and efficiency of the single market, such as value added tax (VAT) and excise duty, should be the subject of a high level of harmonisation. Substantial efforts should be made in this connection but I am aware of the difficulties that still have to be overcome.

On the other hand, there are some areas of Member States' taxation which do not necessarily require greater coordination or harmonisation. For example, the lack of coordination or harmonisation of personal income tax does not disturb the operation of the single market. With the advent of the euro, the Member States will examine whether or not greater coordination is needed.

Lastly, there is an intermediate area concerning in particular the most mobile tax assessment bases, for capital taxation, for which a degree of coordination is advisable and necessary.

**77. *What measures do you plan to take to encourage production in our shipyards in the European Union, which are facing what is in many cases unfair competition from the countries of south-east Asia, particularly Korea? (Question by Mr Valdivielso, PPE)***

**99. *The world shipbuilding market is at present showing signs of serious distortion of competition, caused in particular by the unacceptable practices of South Korean shipyards. The European Union needs to take action in this area if we are to prevent the destruction of a number of shipyards, and several thousand jobs. How do you see this problem and how do you plan to safeguard the survival of a substantial European shipbuilding industry? (Question tabled by Mrs Langenhagen, PPE)***

I answer here jointly to the questions 77 and 99.

The European shipbuilding industry not only constitutes an important sector with paramount relevance in a number of European regions, but it is also an industry which employs high technology in many fields. Given that the European Union is a major maritime trading power, it is obvious that Europe needs to maintain a competitive and healthy shipbuilding industry.

Europe should not accept that this industry is exposed to unfair practices of competitors which could result in the closure of European shipyards. This view was largely shared by the European Council in its declaration issued on 19 May 1999.

Current legislation foresees to abolish operating aid to shipbuilders by 31 December 2000. However, the Commission shall present to the Council a regular report on the market situation and appraise whether

European yards are affected by anti-competitive practices. If it is established that industry is being caused injury by anti-competitive practices of any kind, the Commission shall, where appropriate, propose to the Council measures to address the problem. The first report shall be presented to the Council no later than 31 December 1999.

First results of the market monitoring will be available in early autumn 1999 and if one or more genuine cases of injurious pricing by Asian yards can be established, the European Commission should propose suitable measures, either on international (e.g. OECD, IMF, WTO) or bilateral level, depending on the particular findings. Given the seriousness of the current situation the European Commission should not rule out any line of action, including unilateral measures that are within the EU's responsibility and in line with international obligations.

The fight against unfair competition practice should be complemented with a sustained improvement of the competitiveness of our shipyards. Product and process innovation will play a crucial role here. The EU's 5th Framework Programme on Research and Development is the key instrument in this regard. It includes a Key Action on "Land Transport and Marine Technologies" with a total budget of 320 Million EURO that takes into account industry's needs and that is designed to address the required technological developments.

**78. *What measures to do you plan to take to encourage metal production in general and quality steel production in particular in the European Union, which are facing what is in many cases unfair competition from the central and eastern European countries? (Question by Mr Valdivielso, PPE)***

In relation with the competition in steel products on the EU market, the Commission will continue to apply a two-tiered approach based on the following guidelines:

- a strict implementation of the trade policy instruments for those imports on the EU market, which can be considered as unfair: this approach has already led to the opening of several anti-dumping proceedings, which in some cases have resulted in the imposition of trade measures (anti-dumping duties and/or undertakings, such as for seamless tubes).
- a constant pressure on the Central and Eastern European countries (CEEC) governments and steel companies to accelerate the difficult restructuring process in which they are engaged and which is being considerably delayed, despite the fact that the Commission has given these countries substantial technical assistance and expertise, mostly financed by the PHARE programme. This process must follow the State Aid rules provided in the European Agreements, which are based on those applied to the EU steel industry in its restructuring process.

Moreover, the aspect of competitive pressures referred to in the question concerns rather low value-added steel products. It is useful to mention that, as far as quality steels are concerned, the European steel industry is much more competitive than producers from CEECs. The enlargement process will provide opportunities for the producers of the European Union to increase their commercial presence in these countries, either by increased sales opportunities or by direct investments, in the form of taking part in the ownership of steel producers and through the creation of joint ventures.

As far as non-ferrous metals is concerned, our industries are among the most competitive and technologically advanced of the world.

In cases of unfair competition coming from Central and Eastern European countries, the use of trade policy instruments provided by the Community legislation (antidumping and countervailing instruments) can be used if deemed necessary.

**79. *What European-scale industrial policy do you think should be conducted to ensure that small businesses, including those in the textile industry, can improve their competitiveness and face the challenge of globalisation? (Question by Mrs Ferrer, PPE)***

The main priority in order to achieve an improvement in the competitiveness of European enterprises and deal with the challenge of globalisation should be the encouraging of an appropriate business environment, promoting innovation and eliminating internal market obstacles. Furthermore a stronger co-ordination of Community policies affecting enterprises could be provided at national and Community level. In particular, it is important to continue to develop international principles on competition, to accelerate innovation, to develop networks between enterprises and universities in order to stimulate technological transfers to SMEs, and to invest and facilitate life long learning by creating partnerships between educational organisations and enterprises.

In this context, the direct and ongoing dialogue established by the Commission with the economic operators will continue on the basis of an action plan for the development of the competitiveness of the textiles and clothing sector. This action plan consists of identifying the needs of the sector - and in particular of SMEs - and the instruments which can meet these needs in the context of the various Community policies. These policies include innovation, access to third country markets, training and environment.

<b>III                      Competitiveness</b>
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**80. *Do you undertake not to impose on European industry constraints which are not being imposed on its competitors? (Question by Mr Caudron, PSE)***

European enterprises are subject to a number of rules and standards applied at Union level and at the level of the Member States. Their implementation determines the operation of the internal market and makes it possible to ensure a level of welfare that corresponds to the aspirations of the countries and populations of the Union, since they are aimed at ensuring compatibility between European products, guaranteeing their quality to intermediate users and final consumers, protecting enterprises against possible anti-competitive practices and preserving our living environment.

These standards are applicable throughout the territory of the Union: they concern European enterprises as well as their competitors operating in the Union.

Outside the Union, and in line with the policy already adopted, it will be a question of monitoring the Community policies which may have an impact on European industry vis-à-vis its competitors in the outside world.

Generally speaking, the Commission and its services must hold discussions prior to any draft policy, by involving interested third parties, in particular enterprises. It is also important to enable industry to choose the most cost-effective option and maintain its flexibility. It is preferable to give industry the responsibility

for establishing its own standards on a voluntary basis rather than having standards imposed “top-down” by the Union.

**81. *How do you intend to strengthen the competitiveness of the SMEs in general with the help of the Fifth Framework Programme? How do you think can the approx. 10 % of the funds for each thematic programme of the first activity earmarked for SMEs best be used to strengthen their competitiveness? (Question tabled by the ELDR Group)***

Innovation is a key factor in industrial competitiveness, sustainable economic and social development and job creation. Business competitiveness depends to a large extent on the ability to innovate. In this context, SMEs are important players.

In the 5<sup>th</sup> Framework Programme, a horizontal programme is dedicated to the promotion of innovation and the participation of SMEs. This programme not only develops its own activities, but also co-ordinates activities undertaken by the thematic programmes. The programme gives a good basis for SMEs to strengthen their competitiveness.

Within the thematic programmes, there are several ways for SMEs to participate. SMEs can participate in all projects following the calls for proposals published under each theme . In addition, SMEs having specific technological problems, but no or little research capacities of their own, can subcontract research activities to a third party in the frame of a co-operative research project. SMEs can also apply for an exploratory award allowing them to better prepare a project proposal.

A large proportion of the research and technology development in the "Information Society Technologies" Programme will be of benefit to SMEs. The results, notably from Key Action II on New Methods of Work and e-commerce, will allow SMEs to work more efficiently; to address wider markets through global e-commerce, and to offer more flexible employment possibilities for their employees. Projects that enable SMEs to pool their competencies and to form virtual enterprises, can enable them to compete more effectively even with larger enterprises.

**82. *How will the Commission contribute to strengthen the competitiveness of European forest-based and related industries? (Question tabled by the ELDR-Group)***

The Commission Services have made last year, in co-operation with the industries and with the other stakeholders involved (Member States, Trade Unions, NGOs, Scientists,...), an analysis of the key competitiveness factors of the Forest-Based and Related Industries and of the main challenges they will face in the next years.

This analysis is leading to an identification of a number of areas in which several actions should be undertaken or pursued by the Commission, by these industries and/or by the other stakeholders in order to strengthen their competitiveness. These areas of action are very diverse. They include those aiming to take benefit of globalisation of markets and technologies, to prepare for a successful EU enlargement, and to ensure a coherent and sustainable environmental framework within the EU and globally. Furthermore, they include those aiming to reinforce the human and technological base for these industries and to ensure a completed Single Market framework.

I have the intention to propose a Communication for the adoption of the new Commission in October. The Communication will include such an analysis and a proposal for an action program to be implemented during the following years, in a partnership context with the main stakeholders involved.

**83. *What is the criterion which seems at present to be dominating the action of the Directorate-General for Competition in its thinking on certain fiscal systems, such as that of the Basque regional government, which are absolutely transparent and published in various official journals, and did not raise any objections at the time of Spain's accession to the EU, bearing in mind that there are more than 80 cases of this type in the Community on which no action is being taken? (Question by Mr Valdivielso, PPE)***

I should like to stress first of all the importance that I attach to competition policy as a means of ensuring a level playing field for all enterprises. It is one of the key components of the competitiveness of European industry and enterprises. However, the implementation of competition policy, and in the case in point the analysis of State aid through the direct taxation of enterprises, is the responsibility of my colleague Mr Monti, the Commissioner designate for Competition.

Where State aid is concerned, the Commission has already expressed the principle that it does not call into question the legislative competence of the Basque regions with regard to taxation, provided that the rules of the Treaty are complied with. However, it was recently called upon to analyse certain tax advantages granted by the Basque provinces which came under the State aid rules because they benefited certain enterprises.

#### **IV Small and Medium-sized Undertakings (SMUs)**

**84. *There are two specific targets for entrepreneurs consisting of young people and women who are planning to launch new businesses. Do you think particular initiatives should be reserved for business activities in the start-up phase launched by these particular target groups? If so, how? (Question by Mr Carraro, PSE)***

General enterprise policy measures for example to improve the business environment and on access to finance help entrepreneurs who are young people or women to start up their businesses. In addition, women and young entrepreneurs are amongst the priority "target groups" that receive special assistance under the Third Multiannual Programme for small and medium-sized enterprises, in recognition of the special difficulties they face in setting up and maintaining a successful business.

The Commission has launched a number of actions with the aim of increasing the rate of start-ups amongst women and young entrepreneurs, and their results will be thoroughly examined and evaluated. The Commission has also launched a study focusing on the obstacles faced by young entrepreneurs, women entrepreneurs, co-entrepreneurs and entrepreneurs from ethnic minorities in starting up and running their own business.

The results of the pilot actions and the study will assist the creation of specific networks. The Commission has recently taken the specific needs of these target groups into account, for example in the guidelines for the new Structural Funds, the Community Initiative Programmes and the new European employment

strategy. Member States are encouraged to support the setting up of small businesses and to promote training for entrepreneurship and targeted support services for entrepreneurs, and the Commission will be attentive as to whether Member States' programmes focus their attention on these areas.

**85. *SMEs lack modernisation and incentives to form large groups by mergers. How do you plan to help SMEs modernise? What incentives do you plan to establish to help them become more competitive in the fierce global competition they face? (Question tabled by Mr Folias, PPE)***

There are several measures currently being undertaken to assist small and medium sized enterprises (SMEs) to modernise. The main measures are the Innovation Programme under the 5<sup>th</sup> Framework Programme for Research and Technological Development, the Programme for subcontracting and supply change management, Concerted Actions on improving the growth phase of enterprises, including benchmarking of business support services and the networking of technology poles and incubators, all within the 3<sup>rd</sup> Multiannual Programme for SMEs.

The Commission must promote the visibility and accessibility of these programmes actively through specialised networks such as Innovation Relay Centres (IRCs) and more general networks such as Euro Info Centres (EICs). In addition, the Joint European Ventures project, established in the framework of the Growth and Employment Initiative, can facilitate the formation of joint ventures between SMEs through direct action.

The action plan attached to the White Paper on Commerce also provides actions to assist SMEs to modernise and to become more competitive, including where appropriate developing co-operation between independent operators. Co-operation between commercial SMEs must allow them to reach a critical mass so as to be able to buy and sell on best terms and make it possible, through the use of electronic commerce, to modernise their internal communications, purchase functions and the management of stocks.

Please see also the answers to questions 11, 87 and 89.

**86. *Although small businesses and the craft trades are frequently seen as the motor of job-creation and make an important contribution to social stability, they are not at present fully integrated in the European Social Dialogue. The main decisions are taken between UNICE, ETUC and the Commission's DG 5 and DG 2; the industrialists' federation UNICE, the association of public-sector companies CEEP and the European trade-union confederation ETUC receive substantial funding from the Commission for their work, whereas small businesses and the craft trades association UEAPME get very little support. Will you work for a fair balance of interests to be represented in the Social Dialogue, and if so, what do you plan to do to promote it? (Question by Mr Rübzig, PPE)***

Ensuring that the voice of SMEs is fully taken into account at all levels of social dialogue has been a major concern and remains an important issue. The Council recently adopted a decision on a reform of the "Standing Committee of Employment" where both UEAPME (Union Européenne de l'Artisanat et des PME) and EUROCOMMERCE participate. This Committee will be the permanent forum for dialogue, co-ordination and consultation between the Council, the Commission and the social partners.

The Commission has consistently encouraged agreement between those organisations, which have participated directly in social dialogue negotiations and the SME organisations in order to ensure a broad representation. The Commission, however, has no power to enforce participation in these voluntary procedures.

The agreement between UNICE and UEAPME last year on co-operation in the social dialogue foresees the participation of representatives of UEAPME both in the negotiation of social agreements and in the meetings of the Social Dialogue Committee. The recent merger between UEAPME and EUROPME (Comité Européenne de la petite et moyenne entreprise indépendante) will further increase the representativeness of the SME organisations.

**87. *DG 23 has hitherto regarded small businesses and the craft trades as a task for the policy-makers, and rather little of the available funds has benefited the companies themselves. What do you see as the primary objective of a future European SME policy? (Question by Mr Rübig, PPE)***

The primary objective of a European SME policy is to create a business environment in which enterprises can flourish, generating growth, sustainable development and employment opportunities. This can be achieved by facilitating the access of SMEs to risk capital, to cut down the red tape burdening SMEs and encouraging the access of SMEs to the research and development programmes of the EU.

.It is important to recognise that the most effective way of achieving the objectives of Enterprise Policy is integrate them into other policies, including regional policy and employment policy. The budget at the disposal of the 3<sup>rd</sup> Multiannual Programme in favour of SMEs is not designed to fund large-scale operational programmes nor to subsidise individual enterprises, but rather to enhance policy development. The Multiannual Programme is the legal basis for specific complementary measures which are not part of other Community policies and which cannot be better carried out at Member State level. In this context, those projects, which do receive funding from the Multiannual Programme, are primarily intended to find ways to improve the business environment especially for small and micro-enterprises. On the other hand, considerable funds are available through the 4<sup>th</sup> and 5<sup>th</sup> Framework Programme for Research and Technical Development and through the Structural Funds to support SMEs.

Please see also the answers to questions 23 and 89.

**88. *In spite of a relatively stable EU balance of payments surplus in trade with third countries, the lack of dynamism in industrial development is showing a deficit in the competitiveness of European industry. What are the reasons for this, and what should policy tackle first to increase industry's dynamism? (Question by Mr Rübig, PPE)***

The state of the situation with regard to competitiveness in Europe was examined by the Commission services in two reports on the competitiveness of European industry in 1996, 1997 and 1998. I refer to these analyses in the answers to industrial policy questions. The 1999 Report is in preparation and will be available in the second half of this year and will offer a good basis for a further debate.

To tackle the problems of European competitiveness we need major actions in enterprise policy and information society. For that part, please see the answers to questions 11 and 13 on industrial policy.

**89. *Although everyone praises European small businesses and the craft trades as the motor of job creation, we are still waiting for practical support measures. In what areas is there a need for action at European level? (Question by Mr Rübig, PPE)***

European small and medium sized enterprises (SMEs) are indeed the motor for employment. Fast growing, innovative SMEs provide an important proportion of new job creation in the Union. Sectors dominated by SMEs in traditional sectors such as retail and distribution also show good growth rates. Furthermore, SMEs, which do not necessarily grow so spectacularly, constitute an important reservoir for existing employment.

SMEs account for 66% of total employment in the EU and 55% of total turnover. At Community level, the guidelines for the National Action Plans for Employment include an entrepreneurship pillar, which specifically highlights the value placed on SMEs as employment providers. The new European Employment strategy encourages Member States to support the setting up of small businesses by promoting training for entrepreneurship and targeted support services for entrepreneurs.

It is important to recognise that Community enterprise policy is not intended to duplicate or replace the enterprise policies of the Member States. Community policy is restricted to those activities, which will produce an added value at European level.

There needs to be close co-ordination of policies, including with the 5<sup>th</sup> Framework Programme for Research & Technological Development, particularly the Action Plan on Innovation, and the Structural Funds, to ensure that business needs are reflected. Most of the funds made available for supporting enterprises come from these programmes.

The much higher profile given to SMEs in recent years is a direct result of concentrating on the political approach and then on the specific measures which may be needed to provide conditions for success of the new policies. In this respect, the 3<sup>rd</sup> Multiannual Programme for SMEs and the Craft Sector (1997-2000) which is the cornerstone of Community policy in favour of SMEs is important. The external evaluation recommends to reinforce particularly the concerted actions with member states and to organise an efficient follow-up of the BEST-action plan.

Please see also the answers to questions 23 and 87. An important task of the new Commission is to prepare next multiannual programme. An evaluation of SME-related actions will be an important basis in that work.

**90. *The Business Environment Simplification Task Force (BEST) report has put forward a wide range of measures to improve the small business environment, and these must now become European and national law. From the new Commission's point of view, does cooperation between Member State governments, the Commission and small business associations on the implementation of the BEST recommendations seem a sensible way forward, and is the Commission prepared to arrange a 'business dialogue' of this kind? (Question by Mr Rübig, PPE)***

I am convinced that the successful implementation of the BEST Action Plan will only work if the Commission acts in close co-operation with the Member States and has regular contacts with the business community. I am prepared to explore what is the best way to organise this dialogue.

Please see also the answer to question 26.

**91. What is your understanding of public service in this area, and what measures do you plan to take to promote it? (Question by Mr Caudron, PSE/F)**

Please see the answer to question 34. With specific regard to promoting use of Internet, please see the answers to questions 36 and 92. With specific regard to the concept of universal service in telecommunications, please see the answer to question 28.

**92. There is a great potential for growing opportunities in jobs related to the information society according to some sources up to 600,000. But there also exists a gap due to lack of skills as it seems difficult to find persons taking up such opportunities. How will the Commission contribute to promoting education and employment in this sector? (Question tabled by the ELDR Group)**

The figure quoted in the question corresponds closely to the one used in the Commission's Report for the Vienna European Council, "Job Opportunities in the Information Society", which concluded that there were 500,000 unfilled vacancies for Information and Communication Technology (ICT) professionals (in 1998) and this would rise to 1.2 million by 2002.

The Commission's report acknowledged that the shortage of ICT expertise is a serious constraint to the growth of both Information Society Industries and the user economy with 60% of IT jobs located in sectors other than the Information Society industries, many of which are in SMEs. Nor is this just a European problem. The risk of the "brain drain" is real: the United States recently increased its immigration quota for ICT specialists by 135,000 over three years.

The shortage is exacerbated by the need to devote resources to resolving the millennium bug and by the changeover to the euro. It is, however, a serious structural problem for which urgent preventative action must be taken. This action should include at least: reallocation of resources into computer courses, an increased emphasis on retraining older workers and the unemployed through conversion courses, continuing training, and the development of public-private partnerships to set curricula content in line with technology development and to anticipate better skill needs.

A key element will be a general improvement in ICT literacy of the entire workforce. ICTs are now everywhere in the workplace, and everybody needs to be ICT literate to maintain their employability. Re-skilling and training of the existing labour force is an essential and urgent task. There is no option but to invest in the existing workforce, which is an ageing workforce. In the next twelve years, there will be 3 million fewer new entrants to the workforce and those aged over 50 will increase in number by 9.6 million.

Two projects aimed at improving the general level of ICT skills in the workforce can be noted. Firstly the European Computer Driving Licence which was launched by the Commission which provides a basic qualification of ICT competence and is common across all Member States. Secondly the Commission is supporting a project managed by industry to establish generic skills profile. By encouraging industry to better specify the necessary skills, educational institutions will be better placed to supply more appropriate courses.

The speed and pervasive nature of the changes brought about by the Information Society require a fundamental rethinking of education and training policies from primary schools to higher education and adult training. Boosting levels of ICT literacy across the board is essential to success in the knowledge-based economy.

Evidence shows that education and training systems are not yet geared up for this challenge. ICT as a proficiency skill and the use of multi-media techniques need to be incorporated into the curriculum at all levels and more resources should be devoted to teach and train high-tech skills. Educational establishments must be provided with the tools for the job: both the hardware (sufficient number of PCs and Internet connections) and the software (including suitable multimedia content). Teachers need to be better trained to use ICTs and to teach tomorrow's skills.

This requires a broad public/private partnership between schools, universities, libraries, specialist service providers and industry in order to provide everybody with the skills to benefit from the Information Society. In this context, networks of schools, higher education institutes and training centres are a priority.

**93. *Many Reports show that there is a risk of growing inequality in the Information Society. Access to services is one example, but also the knowledge and ability to use the services are creating gaps between people. How does the Commission intend to create a more balanced development ? (Question tabled by the ELDR Group)***

Public access to the tools of the Information Society, and the skills to use them, needs to be prioritised. Everyone should have easy and affordable access to a basic set of information society applications and services.

The Information Society has the potential to be a powerful force for inclusion and cohesion in Europe, breaking down the barriers of distance for remote and rural areas provided that strategies are integrated within the productive fabric of the region and designed to respond to the local economic milieu. The Information Society can also favour inclusion by opening new opportunities for disadvantaged groups – for example, people with disabilities and elderly people.

The potential is not yet being realised. Access to the information society remains closely linked to wealth, education and employment. Price is a significant barrier to entry, and household computer ownership in the EU remains low: for most people the main route of access is still the workplace. There is a lack of awareness of the potential of the technology, compounded by problems of "user-friendliness", especially among the groups with the most to gain. Regional disparities are marked. It is essential to ensure that the information age will not actually lead to new divisions in society but rather promote inclusion and cohesion.

Investment in awareness raising and public access – by both government and industry – is therefore needed. New services and products will not gain acceptance if people cannot access them. In the same way that public telephones are an integral part of the universal service (despite the very high household penetration of phones), so public access points – for example in libraries, schools and community-based knowledge resource centres – will be central to building an inclusive information society.

In order to guarantee a successful transition to a mature information society, it is important to avoid marginalising entire groups of people or particular social and economic actors. This is more likely to happen in the absence of targeted efforts to promote widespread access to and familiarity with information services and applications which are becoming more useful and relevant to personal and business needs.

Some initiatives have already been taken at the level of the Member States. However, without accompanying actions at the level of the European Union, there is a considerable risk of duplication of effort, lack of synergy and multi-speed development which will increase already existing distortions between and within Member States, as regards access to the information society. Further European action will be considered.

Inequalities also exist between nations at world level. The emergence of the information society could widen the gap between economically most-advanced countries and developing ones. Following the 1996 Midrand Conference on Information Society and Development, the Commission issued a Communication on "Information Society and Development – The role of the European Union" to Council and Parliament in June 1997. This led, for instance, to the launch of concrete actions with in the Mediterranean region on the basis of an Action Programme. The information society should also be integrated into the negotiations with the signatories of the Lomé Convention.

**94. *Electronic commerce is both an excellent tool for entrepreneurial development and a big challenge. SMEs are, still, far from using it on a large scale. How are you planning to help SMEs in introducing, effectively, electronic commerce in their activities? (Question tabled by Mr Folias, PPE)***

It is true that in spite of the potential opportunities opened up by electronic commerce many European companies have been slow to develop such activities. In a global economy this cautious approach risks disadvantaging European business, as competitors, particularly in the US, have been quicker to exploit this tool. The reasons for slow take up include legal uncertainties and a scarcity of resources for the average small company. As I have indicated in my responses to other questions, the Commission is committed to ensuring that the legal situation is clarified and where necessary modified, both on a European and a global scale, so that all businesses can implement electronic commerce in a more secure and predictable environment.

Given the situation described above, European policy initiatives are required in order to accelerate the adoption of electronic commerce by small businesses. They lack for instance consumer acceptance and trust; training and legal advice; expert knowledge on the web; a network of specialised partners. These hurdles constitute barriers that slow down the multiplier effects of the adoption of new technologies for the European economy. The Commission aims to have a favourable impact on the business environment of SMEs through a very broad range of policies. As regards electronic commerce, a number of specific policy initiatives have been launched, including:

- Financing projects in the area of R&D, in the context of the 5<sup>th</sup> Framework Programme for Research and Technological Development, in order to ensure that cost effective, reliable solutions in electronic commerce will be available for SMEs. The key action on 'new methods of work and electronic commerce', with a budget of 547 Million €, will include research to develop simpler, more user-friendly technologies to facilitate uptake of electronic commerce by small companies. a call for proposals for European projects supplying cost effective key business services to small businesses. An adequate supply of these services at low cost will permit small business users to become effective adopters of electronic commerce and to establish co-operative networks.
- Starting a non-profit, private-run, on-line business certification and arbitration service for small businesses. This service will help SMEs to gain consumer acceptance and trust. This issue is a major inhibitor on dealing on-line especially for those companies lacking well known, strong brand names and resources for advertising.

I shall consider what further initiatives may be necessary to promote the use of electronic commerce for SMEs.

**95. *Knowing that the application of electronic commerce in Europe is mainly a problem of the users - retail and distribution - and less of the upstream industry, it is necessary that in the Commission Services e-commerce be centralised in the department responsible for the Commerce sector. How will the Commission take into account non-industrial aspects of electronic commerce and develop a clear 'bottom-up' approach for e-commerce? (Question tabled by Mr Folias, PPE)***

The main public policy issue for the development of electronic commerce is the uptake of information technology by enterprises, not the availability of technology. Our policy must focus on providing an environment, which encourage enterprises to benefit from the opportunities offered by electronic commerce.

Small business users and consumers will be decisive in shaping the European policy in this area. The success of this policy will depend on the degree which enterprises of all kinds from both industrial and service sectors adjust to the new challenges. Trade and services in particular have to reinvent themselves as effective intermediaries offering new services and creating value in a competitive environment.

As well as removing barriers to the free movement of electronic commerce services in the Internal Market by proposing a series of directives in this area, the Commission will promote a bottom-up approach by encouraging self-regulatory initiatives and consulting regularly with interested parties from all sectors. Such initiatives should be enforced in close co-operation with commissioners responsible for other areas that impact e-commerce.

**96. *Electronic Commerce is making physical borders look more than ever redundant. How can the EU exploit its strengths as a borderless Single Market to foster e-commerce on a sound basis without falling into the trap of over-regulation? (Question tabled by Mr Harbour, PPE/UK)***

The EU's Internal Market means that we are already confronted in Europe with the need to co-ordinate and develop a consistent or harmonised approach in internal cross-border trade, including for electronic commerce. This is the case, for example, with the proposed directives on electronic signatures and on certain legal aspects of electronic commerce. The solutions we introduce at Community level, covering cross-border trade between 15 Member States, can serve as a useful basis for international discussions, and ensure that the EU can speak with one voice. When preparing such legislation, it is important not to lose sight of discussions at international level.

The approach taken in these directives is that of minimal intervention since they set out a framework of fundamental principles and encourage non-regulatory or alternative measures such as transparency, out-of-court dispute settlement, and codes of conduct developed by interested parties. Self regulation will be a major alternative. It is, however, important that:

- Self regulation fully respects Community legislation,
- Both businesses and consumers are involved in the development of codes of conduct.

It is clearly understood that in a fast-moving area such as the Internet, detailed or too specific regulations are often inappropriate. Self regulation offers more flexibility and adaptability to change. Within this "light approach" to regulation, a balanced mix between regulation and self-regulation has to be maintained.

At the international level, too, our objective should be to ensure that different governments can agree on how to approach a particular issue in terms of basic principles, and to decide who should handle the issue at international level, but not necessarily to decide specifically how such a solution should be implemented (legislation, technology, codes of conduct or a combination). This does not require harmonisation, which would take too long and would not be sufficiently flexible, but rather an agreement on principles and guidelines to ensure that at least the approach of different governments is compatible. This cannot be done effectively by isolating industry and other interested parties from the process. All stakeholders need to be brought together in a consensus-building process or dialogue.

In the future, the EU should play a leadership role in building consensus on these issues and strengthening international co-ordination through both its actions to promote the Internal Market and to develop dialogues at global level, as has been mentioned before.

**97. *Given the importance of commercial communication services as a means to promote cross-border trade within the internal market, will the Commissioner give an assurance that he will take steps to ensure that this policy will be given due priority and that infringement cases will be dealt with in an efficient and transparent manner? (Question tabled by Mr Harbour, PPE)***

This question falls primarily within the sphere of responsibility of the Commissioner with special responsibility for the internal market.

However, I will endeavour, for my part, to help ensure that the procedures are supplemented as quickly as possible and that there is maximum transparency.

In addition, where the development of cross-border services in the information society is concerned, transparency and control will be stepped up. Since 5 August 1999, the procedure for the notification of national technical rules established by Directive 98/34/EC also applies to rules relating to information society services. This procedure requires the Member States to notify to the Commission and the other Member States any draft technical rule relating to information society products and services before they are adopted in their national law. Where such rules are liable to create unjustified commercial barriers between Member States their notification at the draft stage and the evaluation of their content makes it possible to reduce this risk in advance and, hence, reduce the number of infringements and complaints.

**98. *Do you intend to accept the draft decision by the former European Commission on the revision of the Brussels and Rome Convention ("Regulation on Jurisdiction, Recognition and Enforcement of Judgements in Civil and Commercial Matters")? (Question tabled by Mrs Mann, PSE/D).***

On 14<sup>th</sup> July the Commission took the decision to transmit to the Council and Parliament the proposal for a Regulation replacing the Brussels Convention of 1968 and reflecting the agreement reached by the Council in May on modifications to be brought to the substance of the text. In the explanatory memorandum, the Commission draws the attention of the Council to the fact that the changes made by the Council to the article dealing with jurisdiction in consumer contracts have given rise to certain anxieties, in particular among operators and other parties dealing with electronic commerce. The Commission announced its intention to organise a hearing of all interested parties later this Autumn in order to make a clear assessment of the legal and economic implications of these provisions.

As to a proposal concerning the completion of the Rome Convention of 1980 (Rome II) on the law applicable to non contractual obligations, the hearing will provide the opportunity to all interested parties to air their views on how to ensure a balanced approach between adequate protection of the consumer and encouraging the development of electronic commerce.

Personally, I consider it to be of the utmost importance that the revision and "Amsterdamisation" of these two instruments do not have an adverse effect on electronic commerce in Europe. It is important to note that a flourishing electronic commerce fosters the inclusiveness of the information society: One of the recent trends in the Internet is that some service providers offer a low-cost or even free access to the Internet. This is made possible partly by the prospect of service providers to getting revenues from electronic commerce firms who buy advertisement space from the homepages of the service providers. Without a developing electronic commerce market, accessing the Internet is likely to remain more costly.

***99. The world shipbuilding market is at present showing signs of serious distortion of competition, caused in particular by the unacceptable practices of South Korean shipyards. The European Union needs to take action in this area if we are to prevent the destruction of a number of shipyards, and several thousand jobs. How do you see this problem and how do you plan to safeguard the survival of a substantial European shipbuilding industry? Question tabled by Mrs Langenhagen, PPE***

Please see the joint answer to questions 77 and 99.