

English edition

Information and Notices

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⁽¹⁾ Text with EEA relevance

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(Information)

COMMISSION

Ecu ⁽¹⁾

8 December 1997

(97/C 372/01)

Currency amount for one unit:

Belgian and Luxembourg franc	40,7751	Finnish markka	5,97315
Danish krone	7,52728	Swedish krona	8,63508
German mark	1,97667	Pound sterling	0,668928
Greek drachma	309,907	United States dollar	1,10614
Spanish peseta	167,005	Canadian dollar	1,57282
French franc	6,61538	Japanese yen	144,517
Irish pound	0,760077	Swiss franc	1,60224
Italian lira	1934,96	Norwegian krone	7,98080
Dutch guilder	2,22743	Icelandic krona	79,7859
Austrian schilling	13,9075	Australian dollar	1,65293
Portuguese escudo	201,793	New Zealand dollar	1,84942
		South African rand	5,38801

The Commission has installed a telex with an automatic answering device which gives the conversion rates in a number of currencies. This service is available every day from 3.30 p.m. until 1 p.m. the following day. Users of the service should do as follows:

- call telex number Brussels 23789,
- give their own telex code,
- type the code 'cccc' which puts the automatic system into operation resulting in the transmission of the conversion rates of the ecu,
- the transmission should not be interrupted until the end of the message, which is marked by the code 'ffff'.

Note: The Commission also has an automatic fax answering service (No 296 10 97/296 60 11) providing daily data concerning calculation of the conversion rates applicable for the purposes of the common agricultural policy.

(¹) Council Regulation (EEC) No 3180/78 of 18 December 1978 (OJ L 379, 30. 12. 1978, p. 1), as last amended by Regulation (EEC) No 1971/89 (OJ L 189, 4. 7. 1989, p. 1).
Council Decision 80/1184/EEC of 18 December 1980 (Convention of Lomé) (OJ L 349, 23. 12. 1980, p. 34).

Commission Decision No 3334/80/ECSC of 19 December 1980 (OJ L 349, 23. 12. 1980, p. 27).

Financial Regulation of 16 December 1980 concerning the general budget of the European Communities (OJ L 345, 20. 12. 1980, p. 23).

Council Regulation (EEC) No 3308/80 of 16 December 1980 (OJ L 345, 20. 12. 1980, p. 1).

Decision of the Council of Governors of the European Investment Bank of 13 May 1981 (OJ L 311, 30. 10. 1981, p. 1).

**LIST OF DOCUMENTS FORWARDED BY THE COMMISSION TO THE COUNCIL
DURING THE PERIOD 24 TO 28. 11. 1997**

(97/C 372/02)

*These documents may be obtained from the Sales Offices, the addresses of which are given on the
back cover*

Code	Catalogue No	Title	Date adopted by the Commission	Date forwarded to the Council	Number of pages
COM(97) 571	CB-CO-97-590-EN-C	Report from the Commission I. On the measures taken in response to the comments made in Parliament's resolutions accompanying the decisions giving discharge in respect of the general budget, the ECSC and the EDF II. On action taken on the comments accompanying the Council recommendation on the discharge III. On Member States' replies to the observations made by the European Court of Auditors in its report For the 1995 financial year	21. 11. 1997	24. 11. 1997	150
COM(97) 604	CB-CO-97-616-EN-C	Proposal for a Council Directive amending Directive 94/67/EC on incineration of hazardous waste (*) (*)	21. 11. 1997	24. 11. 1997	13
COM(97) 616	CB-CO-97-635-EN-C	Proposal for a Council Regulation (EC) imposing a definitive anti-dumping duty on imports of silicon metal originating in the People's Republic of China	24. 11. 1997	24. 11. 1997	22
COM(97) 618	CB-CO-97-645-EN-C	Report from the Commission to the Council and the European Parliament on the results of the second phase of SLIM and the follow-up of the implementation of the first phase recommendations	24. 11. 1997	24. 11. 1997	25
COM(97) 622	CB-CO-97-638-EN-C	Opinion of the Commission pursuant to Article 189 (b) (2) (d) of the EC Treaty, on the European Parliament's amendments to the Council's common position regarding the proposal for a European Parliament and Council Directive on the legal protection of designs (*)	21. 11. 1997	24. 11. 1997	12
COM(97) 621	CB-CO-97-637-EN-C	Amended proposal for a European Parliament and Council Decision establishing a programme of Community action to reinforce the functioning of the indirect taxation systems of the internal market (Fiscalis programme) (*)	24. 11. 1997	25. 11. 1997	8
COM(97) 635	CB-CO-97-651-EN-C	Amended proposal for a European Parliament and Council Decision amending Decision 92/481/EEC of 22 September 1992 on the adoption of an action plan for the exchange between Member State administrations of national officials who are engaged in the implementation of Community legislation required to achieve the internal market (Karolus programme) (*)	24. 11. 1997	25. 11. 1997	6

Code	Catalogue No	Title	Date adopted by the Commission	Date forwarded to the Council	Number of pages
COM(97) 589	CB-CO-97-603-EN-C	Draft: 26th financial report concerning the European Agricultural Guidance and Guarantee Fund (EAGGF) Guarantee Section — 1996 financial year —	25. 11. 1997	26. 11. 1997	102
COM(97) 610	CB-CO-97-629-EN-C	Report from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions on the coordination of activities to assist small and medium-sized enterprises (SMEs) and the craft sector 1997 ⁽¹⁾	25. 11. 1997	26. 11. 1997	120
COM(97) 613	CB-CO-97-630-EN-C	Proposal for a Council Decision authorizing the United Kingdom to extend application of a measure derogating from Articles 6 and 17 of the Sixth Council Directive (77/388/EEC) of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes	25. 11. 1997	26. 11. 1997	7
COM(97) 617	CB-CO-97-636-EN-C	Proposal for a Council Regulation (EC) opening and providing for the administration of Community tariff quotas for certain fishery products originating in Ceuta	25. 11. 1997	26. 11. 1997	7
COM(97) 619	CB-CO-97-652-EN-C	Proposal for a Council Regulation (EC) creating a mechanism whereby the Commission can intervene in order to remove certain obstacles to trade ⁽²⁾ ⁽¹⁾	18. 11. 1997	26. 11. 1997	13
COM(97) 624	CB-CO-97-641-EN-C	Re-examined proposal for a Council Directive on the burden of proof in cases of discrimination based on sex ⁽³⁾	25. 11. 1997	26. 11. 1997	7
COM(97) 558	CB-CO-97-587-EN-C	Proposal for a Council Decision relating to the conclusion of a Protocol adjusting trade aspects of the Agreement on free trade and trade-related matters between the European Communities, of the one part, and the Republic of Estonia, of the other part, to take account of the accession of the Republic of Austria, of the Republic of Finland and of the Kingdom of Sweden to the European Union and the outcome of the Uruguay Round negotiations on agriculture, including improvements to the existing preferential arrangements	26. 11. 1997	27. 11. 1997	29
COM(97) 612	CB-CO-97-633-EN-C	Proposal for a Council Decision on the position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Bulgaria, of the other part, which entered into force on 1 February 1995, concerning the export of certain steel products from the Republic of Bulgaria to the European Community Proposal for a Council Regulation (EC) concerning the export of certain ECSC steel products from the Republic of Bulgaria to the European Community for the period 1 January to 31 December 1998 (renewal of the double-checking system established by Decision No 3/95 of the Association Council as extended by Decision No 1/96)	26. 11. 1997	27. 11. 1997	32

Code	Catalogue No	Title	Date adopted by the Commission	Date forwarded to the Council	Number of pages
COM(97) 614	CB-CO-97-634-EN-C	Amendment to the proposal for a Council Directive establishing a framework for Community action in the field of water policy (COM(97) 49 final) ⁽¹⁾ ⁽²⁾	26. 11. 1997	27. 11. 1997	17
COM(97) 642	CB-CO-97-667-EN-C	Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on the special support programme for peace and reconciliation in Northern Ireland and the border counties of Ireland (1995-1999)	26. 11. 1997	27. 11. 1997	17
COM(97) 567	CB-CO-97-583-EN-C	Third annual report from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions: the European Economic Area financial mechanism	27. 11. 1997	27. 11. 1997	13
COM(97) 594	CB-CO-97-608-EN-C	Proposal for a Council Decision on the position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and Romania, of the other part, which entered into force on 1 February 1995, concerning the export of certain steel products from Romania to the European Community Proposal for a Council Regulation (EC) concerning the export of certain ECSC steel products from Romania to the European Community for the period 1 January to 31 December 1998 (renewal of the double-checking system established by Decision No 3/95 of the Association Council as extended by Decision No 2/96)	27. 11. 1997	27. 11. 1997	32
COM(97) 595	CB-CO-97-609-EN-C	Proposal for a Council Decision on the position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and the Slovak Republic, of the other part, which entered into force on 1 February 1995, concerning the export of certain steel products from the Slovak Republic to the European Community Proposal for a Council Regulation (EC) concerning the export of certain ECSC and EC steel products from the Slovak Republic to the European Community for the period 1 January to 31 December 1998 (renewal of the double-checking system established by Decision No 2/95 of the Association Council as extended by Decision No 1/97)	27. 11. 1997	27. 11. 1997	33
COM(97) 674	CB-CO-97-691-EN-C	Amended proposal for a European Parliament and Council Directive amending Directive 97/33/EC with regard to operator number portability and carrier pre-selection	28. 11. 1997	28. 11. 1997	5

⁽¹⁾ This document contains an impact assessment on business, and in particular on SMEs.

⁽²⁾ This document will be published in the *Official Journal of the European Communities*.

⁽³⁾ Text with EEA relevance.

NB: COM documents are available by subscription, either for all editions or for specific subject areas, and by single copy, in which case the price is based pro rata on the number of pages.

COMMISSION NOTICE

on the definition of relevant market for the purposes of Community competition law

(97/C 372/03)

(Text with EEA relevance)

I. INTRODUCTION

1. The purpose of this notice is to provide guidance as to how the Commission applies the concept of relevant product and geographic market in its ongoing enforcement of Community competition law, in particular the application of Council Regulation No 17 and (EEC) No 4064/89, their equivalents in other sectoral applications such as transport, coal and steel, and agriculture, and the relevant provisions of the EEA Agreement⁽¹⁾. Throughout this notice, references to Articles 85 and 86 of the Treaty and to merger control are to be understood as referring to the equivalent provisions in the EEA Agreement and the ECSC Treaty.
2. Market definition is a tool to identify and define the boundaries of competition between firms. It serves to establish the framework within which competition policy is applied by the Commission. The main purpose of market definition is to identify in a systematic way the competitive constraints that the undertakings involved⁽²⁾ face. The objective of defining a market in both its product and geographic dimension is to identify those actual competitors of the undertakings involved that are capable of constraining those undertakings' behaviour and of preventing them from behaving independently of effective competitive pressure. It is from this perspective that the market definition makes it possible *inter alia* to calculate market shares that would convey meaningful information regarding market power for the purposes of assessing dominance or for the purposes of applying Article 85.
3. It follows from point 2 that the concept of 'relevant market' is different from other definitions of market often used in other contexts. For instance, companies often use the term 'market' to refer to the area where it sells its products or to refer broadly to the industry or sector where it belongs.
4. The definition of the relevant market in both its product and its geographic dimensions often has a decisive influence on the assessment of a competition case. By rendering public the procedures which the Commission follows when considering market definition and by indicating the criteria and evidence on which it relies to reach a decision, the Commission expects to increase the transparency of its policy and decision-making in the area of competition policy.
5. Increased transparency will also result in companies and their advisers being able to better anticipate the possibility that the Commission may raise competition concerns in an individual case. Companies could, therefore, take such a possibility into account in their own internal decision-making when contemplating, for instance, acquisitions, the creation of joint ventures, or the establishment of certain agreements. It is also intended that companies should be in a better position to understand what sort of information the Commission considers relevant for the purposes of market definition.
6. The Commission's interpretation of 'relevant market' is without prejudice to the interpretation which may be given by the Court of Justice or the Court of First Instance of the European Communities.

II. DEFINITION OF RELEVANT MARKET

Definition of relevant product market and relevant geographic market

7. The Regulations based on Article 85 and 86 of the Treaty, in particular in section 6 of Form A/B with respect to Regulation No 17, as well as in section 6 of Form CO with respect to Regulation (EEC) No 4064/89 on the control of concentrations having a Community dimension have laid down the following definitions, 'Relevant product markets' are defined as follows:

⁽¹⁾ The focus of assessment in State aid cases is the aid recipient and the industry/sector concerned rather than identification of competitive constraints faced by the aid recipient. When consideration of market power and therefore of the relevant market are raised in any particular case, elements of the approach outlined here might serve as a basis for the assessment of State aid cases.

⁽²⁾ For the purposes of this notice, the undertakings involved will be, in the case of a concentration, the parties to the concentration; in investigations within the meaning of Article 86 of the Treaty, the undertaking being investigated or the complainants; for investigations within the meaning of Article 85, the parties to the Agreement.

'A relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer, by reason of the products' characteristics, their prices and their intended use'.

8. 'Relevant geographic markets' are defined as follows:

'The relevant geographic market comprises the area in which the undertakings concerned are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous and which can be distinguished from neighbouring areas because the conditions of competition are appreciably different in those area'.

9. The relevant market within which to assess a given competition issue is therefore established by the combination of the product and geographic markets. The Commission interprets the definitions in paragraphs 7 and 8 (which reflect the case-law of the Court of Justice and the Court of First Instance as well as its own decision-making practice) according to the orientations defined in this notice.

Concept of relevant market and objectives of Community competition policy

10. The concept of relevant market is closely related to the objectives pursued under Community competition policy. For example, under the Community's merger control, the objective in controlling structural changes in the supply of a product/service is to prevent the creation or reinforcement of a dominant position as a result of which effective competition would be significantly impeded in a substantial part of the common market. Under the Community's competition rules, a dominant position is such that a firm or group of firms would be in a position to behave to an appreciable extent independently of its competitors, customers and ultimately of its consumers⁽¹⁾. Such a position would usually arise when a firm or group of firms accounted for a large share of the supply in any given market, provided that other factors analysed in the assessment (such as entry barriers, customers' capacity to react, etc.) point in the same direction.

11. The same approach is followed by the Commission in its application of Article 86 of the Treaty to firms that enjoy a single or collective dominant position. Within the meaning of Regulation No 17, the Commission has the power to investigate and bring to an end abuses of such a dominant position, which must also be defined by reference to the relevant market. Markets may also need to be defined in the application of Article 85 of the Treaty, in particular, in determining whether an appreciable restriction of competition exists or in establishing if the condition pursuant to Article 85 (3) (b) for an exemption from the application of Article 85 (1) is met.

12. The criteria for defining the relevant market are applied generally for the analysis of certain types of behaviour in the market and for the analysis of structural changes in the supply of products. This methodology, though, might lead to different results depending on the nature of the competition issue being examined. For instance, the scope of the geographic market might be different when analysing a concentration, where the analysis is essentially prospective, from an analysis of past behaviour. The different time horizon considered in each case might lead to the result that different geographic markets are defined for the same products depending on whether the Commission is examining a change in the structure of supply, such as a concentration or a cooperative joint venture, or examining issues relating to certain past behaviour.

Basic principles for market definition

Competitive constraints

13. Firms are subject to three main sources or competitive constraints: demand substitutability, supply substitutability and potential competition. From an economic point of view, for the definition of the relevant market, demand substitution constitutes the most immediate and effective disciplinary force on the suppliers of a given product, in particular in relation to their pricing decisions. A firm or a group of firms cannot have a significant impact on the prevailing conditions of sale, such as prices, if its customers are in a position to switch easily to available substitute products or to suppliers located elsewhere. Basically, the exercise of market definition consists in identifying the effective alternative sources of supply for the customers of the undertakings involved, in terms both of products/services and of geographic location of suppliers.

⁽¹⁾ Definition given by the Court of Justice in its judgment of 13 February 1979 in Case 85/76, Hoffmann-La Roche [1979] ECR 461, and confirmed in subsequent judgments.

14. The competitive constraints arising from supply side substitutability other than those described in paragraphs 20 to 23 and from potential competition are in general less immediate and in any case require an analysis of additional factors. As a result such constraints are taken into account at the assessment stage of competition analysis.

Demand substitution

15. The assessment of demand substitution entails a determination of the range of products which are viewed as substitutes by the consumer. One way of making this determination can be viewed as a speculative experiment, postulating a hypothetical small, lasting change in relative prices and evaluating the likely reactions of customers to that increase. The exercise of market definition focuses on prices for operational and practical purposes, and more precisely on demand substitution arising from small, permanent changes in relative prices. This concept can provide clear indications as to the evidence that is relevant in defining markets.

16. Conceptually, this approach means that, starting from the type of products that the undertakings involved sell and the area in which they sell them, additional products and areas will be included in, or excluded from, the market definition depending on whether competition from these other products and areas affect or restrain sufficiently the pricing of the parties' products in the short term.

17. The question to be answered is whether the parties' customers would switch to readily available substitutes or to suppliers located elsewhere in response to a hypothetical small (in the range 5 % to 10 %) but permanent relative price increase in the products and areas being considered. If substitution were enough to make the price increase unprofitable because of the resulting loss of sales, additional substitutes and areas are included in the relevant market. This would be done until the set of products and geographical areas is such that small, permanent increases in relative prices would be profitable. The equivalent analysis is applicable in cases concerning the concentration of buying power, where the starting point would then be the supplier and the price test serves to identify the alternative distribution channels or outlets for the supplier's products. In the application of these principles, careful account should be taken of certain particular situations as described within paragraphs 56 and 58.

18. A practical example of this test can be provided by its application to a merger of, for instance, soft-drink bottlers. An issue to examine in such a case would be to decide whether different flavours of soft drinks belong to the same market. In practice, the question to address would be whether consumers of flavour A would switch to other flavours when confronted with a permanent price increase of 5 % to 10 % for flavour A. If a sufficient number of consumers would switch to, say, flavour B, to such an extent that the price increase for flavour A would not be profitable owing to the resulting loss of sales, then the market would comprise at least flavours A and B. The process would have to be extended in addition to other available flavours until a set of products is identified for which a price rise would not induce a sufficient substitution in demand.

19. Generally, and in particular for the analysis of merger cases, the price to take into account will be the prevailing market price. This may not be the case where the prevailing price has been determined in the absence of sufficient competition. In particular for the investigation of abuses of dominant positions, the fact that the prevailing price might already have been substantially increased will be taken into account.

Supply substitution

20. Supply-side substitutability may also be taken into account when defining markets in those situations in which its effects are equivalent to those of demand substitution in terms of effectiveness and immediacy. This means that suppliers are able to switch production to the relevant products and market them in the short term⁽⁴⁾ without incurring significant additional costs or risks in response to small and permanent changes in relative prices. When these conditions are met, the additional production that is put on the market will have a disciplinary effect on the competitive behaviour of the companies involved. Such an impact in terms of effectiveness and immediacy is equivalent to the demand substitution effect.

21. These situations typically arise when companies market a wide range of qualities or grades of one product; even if, for a given final customer or group of consumers, the different qualities are not substitutable, the different qualities will be grouped

⁽⁴⁾ That is such a period that does not entail a significant adjustment of existing tangible and intangible assets (see paragraph 23).

into one product market, provided that most of the suppliers are able to offer and sell the various qualities immediately and without the significant increases in costs described above. In such cases, the relevant product market will encompass all products that are substitutable in demand and supply, and the current sales of those products will be aggregated so as to give the total value or volume of the market. The same reasoning may lead to group different geographic areas.

22. A practical example of the approach to supply-side substitutability when defining product markets is to be found in the case of paper. Paper is usually supplied in a range of different qualities, from standard writing paper to high quality papers to be used, for instance, to publish art books. From a demand point of view, different qualities of paper cannot be used for any given use, i.e. an art book or a high quality publication cannot be based on lower quality papers. However, paper plants are prepared to manufacture the different qualities, and production can be adjusted with negligible costs and in a short time-frame. In the absence of particular difficulties in distribution, paper manufacturers are able therefore, to compete for orders of the various qualities, in particular if orders are placed with sufficient lead time to allow for modification of production plans. Under such circumstances, the Commission would not define a separate market for each quality of paper and its respective use. The various qualities of paper are included in the relevant market, and their sales added up to estimate total market value and volume.

23. When supply-side substitutability would entail the need to adjust significantly existing tangible and intangible assets, additional investments, strategic decisions or time delays, it will not be considered at the stage of market definition. Examples where supply-side substitution did not induce the Commission to enlarge the market are offered in the area of consumer products, in particular for branded beverages. Although bottling plants may in principle bottle different beverages, there are costs and lead times involved (in terms of advertising, product testing and distribution) before the products can actually be sold. In these cases, the effects of supply-side substitutability and other forms of potential competition would then be examined at a later stage.

Potential competition

24. The third source of competitive constraint, potential competition, is not taken into account when defining markets, since the conditions under which potential competition will actually represent an effective competitive constraint depend on the analysis of specific factors and circumstances related to the conditions of entry. If required, this analysis is only carried out at a subsequent stage, in general once the position of the companies involved in the relevant market has already been ascertained, and when such position gives rise to concerns from a competition point of view.

III. EVIDENCE RELIED ON TO DEFINE RELEVANT MARKETS

The process of defining the relevant market in practice

Product dimension

25. There is a range of evidence permitting an assessment of the extent to which substitution would take place. In individual cases, certain types of evidence will be determinant, depending very much on the characteristics and specificity of the industry and products or services that are being examined. The same type of evidence may be of no importance in other cases. In most cases, a decision will have to be based on the consideration of a number of criteria and different items of evidence. The Commission follows an open approach to empirical evidence, aimed at making an effective use of all available information which may be relevant in individual cases. The Commission does not follow a rigid hierarchy of different sources of information or types of evidence.
26. The process of defining relevant markets may be summarized as follows: on the basis of the preliminary information available or information submitted by the undertakings involved, the Commission will usually be in a position to broadly establish the possible relevant markets within which, for instance, a concentration or a restriction of competition has to be assessed. In general, and for all practical purposes when handling individual cases, the question will usually be to decide on a few alternative possible relevant markets. For instance, with respect to the product market, the issue will often be to establish whether product A and product B belong or do not belong to the same product market. It is often the case that the inclusion of product B would be enough to remove any competition concerns.

27. In such situations it is not necessary to consider whether the market includes additional products, or to reach a definitive conclusion on the precise product market. If under the conceivable alternative market definitions the operation in question does not raise competition concerns, the question of market definition will be left open, reducing thereby the burden on companies to supply information.

Geographic dimension

28. The Commission's approach to geographic market definition might be summarized as follows: it will take a preliminary view of the scope of the geographic market on the basis of broad indications as to the distribution of market shares between the parties and their competitors, as well as a preliminary analysis of pricing and price differences at national and Community or EEA level. This initial view is used basically as a working hypothesis to focus the Commission's enquiries for the purposes of arriving at a precise geographic market definition.

29. The reasons behind any particular configuration of prices and market shares need to be explored. Companies might enjoy high market shares in their domestic markets just because of the weight of the past, and conversely, a homogeneous presence of companies throughout the EEA might be consistent with national or regional geographic markets. The initial working hypothesis will therefore be checked against an analysis of demand characteristics (importance of national or local preferences, current patterns of purchases of customers, product differentiation/brands, other) in order to establish whether companies in different areas do indeed constitute a real alternative source of supply for consumers. The theoretical experiment is again based on substitution arising from changes in relative prices, and the question to answer is again whether the customers of the parties would switch their orders to companies located elsewhere in the short term and at a negligible cost.

30. If necessary, a further check on supply factors will be carried out to ensure that those companies located in differing areas do not face impediments in developing their sales on competitive terms throughout the whole geographic market. This analysis will include an examination of requirements for a local presence in order to sell in that area the conditions of access to distribution channels, costs

associated with setting up a distribution network, and the presence or absence of regulatory barriers arising from public procurement, price regulations, quotas and tariffs limiting trade or production, technical standards, monopolies, freedom of establishment, requirements for administrative authorizations, packaging regulations, etc. In short, the Commission will identify possible obstacles and barriers isolating companies located in a given area from the competitive pressure of companies located outside that area, so as to determine the precise degree of market interpenetration at national, European or global level.

31. The actual pattern and evolution of trade flows offers useful supplementary indications as to the economic importance of each demand or supply factor mentioned above, and the extent to which they may or may not constitute actual barriers creating different geographic markets. The analysis of trade flows will generally address the question of transport costs and the extent to which these may hinder trade between different areas, having regard to plant location, costs of production and relative price levels.

Market integration in the Community

32. Finally, the Commission also takes into account the continuing process of market integration, in particular in the Community, when defining geographic markets, especially in the area of concentrations and structural joint ventures. The measures adopted and implemented in the internal market programme to remove barriers to trade and further integrate the Community markets cannot be ignored when assessing the effects on competition of a concentration or a structural joint venture. A situation where national markets have been artificially isolated from each other because of the existence of legislative barriers that have now been removed will generally lead to a cautious assessment of past evidence regarding prices, market shares or trade patterns. A process of market integration that would, in the short term, lead to wider geographic markets may therefore be taken into consideration when defining the geographic market for the purposes of assessing concentrations and joint ventures.

The process of gathering evidence

33. When a precise market definition is deemed necessary, the Commission will often contact the main customers and the main companies in the industry to enquire into their views about the boundaries of product and geographic markets and to obtain the necessary factual evidence to reach a conclusion. The Commission might also contact the relevant professional associations, and companies active in upstream markets, so as to be able to define, in so far as necessary, separate product and geographic markets, for different levels of production or distribution of the products/services in question. It might also request additional information to the undertakings involved.
34. Where appropriate, the Commission will address written requests for information to the market players mentioned above. These requests will usually include questions relating to the perceptions of companies about reactions to hypothetical price increases and their views of the boundaries of the relevant market. They will also ask for provision of the factual information the Commission deems necessary to reach a conclusion on the extent of the relevant market. The Commission might also discuss with marketing directors or other officers of those companies to gain a better understanding on how negotiations between suppliers and customers take place and better understand issues relating to the definition of the relevant market. Where appropriate, they might also carry out visits or inspections to the premises of the parties, their customers and/or their competitors, in order to better understand how products are manufactured and sold.
35. The type of evidence relevant to reach a conclusion as to the product market can be categorized as follows:

Evidence to define markets — product dimension

36. An analysis of the product characteristics and its intended use allows the Commission, as a first step, to limit the field of investigation of possible substitutes. However, product characteristics and intended use are insufficient to show whether two products are demand substitutes. Functional interchangeability or similarity in characteristics may not, in themselves, provide sufficient criteria, because the responsiveness of customers to relative price changes

may be determined by other considerations as well. For example, there may be different competitive constraints in the original equipment market for car components and in spare parts, thereby leading to a separate delineation of two relevant markets. Conversely, differences in product characteristics are not in themselves sufficient to exclude demand substitutability, since this will depend to a large extent on how customers value different characteristics.

37. The type of evidence the Commission considers relevant to assess whether two products are demand substitutes can be categorized as follows:
38. *Evidence of substitution in the recent past.* In certain cases, it is possible to analyse evidence relating to recent past events or shocks in the market that offer actual examples of substitution between two products. When available, this sort of information will normally be fundamental for market definition. If there have been changes in relative prices in the past (all else being equal), the reactions in terms of quantities demanded will be determinant in establishing substitutability. Launches of new products in the past can also offer useful information, when it is possible to precisely analyse which products have lost sales to the new product.
39. There are a number of *quantitative tests* that have specifically been designed for the purpose of delineating markets. These tests consist of various econometric and statistical approaches estimates of elasticities and cross-price elasticities^(*) for the demand of a product, tests based on similarity of price movements over time, the analysis of causality between price series and similarity of price levels and/or their convergence. The Commission takes into account the available quantitative evidence capable of withstanding rigorous scrutiny for the purposes of establishing patterns of substitution in the past.

40. *Views of customers and competitors.* The Commission often contacts the main customers and competitors of the companies involved in its enquiries, to gather their views on the boundaries of the product market as well as most of the factual information it

(*) Own-price elasticity of demand for product X is a measure of the responsiveness of demand for X to percentage change in its own price. Cross-price elasticity between products X and Y is the responsiveness of demand for product X to percentage change in the price of product Y.

- requires to reach a conclusion on the scope of the market. Reasoned answers of customers and competitors as to what would happen if relative prices for the candidate products were to increase in the candidate geographic area by a small amount (for instance of 5 % to 10 %) are taken into account when they are sufficiently backed by factual evidence.
41. *Consumer preferences.* In the case of consumer goods, it may be difficult for the Commission to gather the direct views of end consumers about substitute products. *Marketing studies* that companies have commissioned in the past and that are used by companies in their own decision-making as to pricing of their products and/or marketing actions may provide useful information for the Commission's delineation of the relevant market. Consumer surveys on usage patterns and attitudes, data from consumer's purchasing patterns, the views expressed by retailers and more generally, market research studies submitted by the parties and their competitors are taken into account to establish whether an economically significant proportion of consumers consider two products as substitutable, also taking into account the importance of brands for the products in question. The methodology followed in consumer surveys carried out *ad hoc* by the undertakings involved or their competitors for the purposes of a merger procedure or a procedure pursuant to Regulation No 17 will usually be scrutinized with utmost care. Unlike pre-existing studies, they have not been prepared in the normal course of business for the adoption of business decisions.
42. *Barriers and costs associated with switching demand to potential substitutes.* There are a number of barriers and costs that might prevent the Commission from considering two *prima facie* demand substitutes as belonging to one single product market. It is not possible to provide an exhaustive list of all the possible barriers to substitution and of switching costs. These barriers or obstacles might have a wide range of origins, and in its decisions, the Commission has been confronted with regulatory barriers or other forms of State intervention, constraints arising in downstream markets, need to incur specific capital investment or loss in current output in order to switch to alternative inputs, the location of customers, specific investment in production process, learning and human capital investment, retooling costs or other investments, uncertainty about quality and reputation of unknown suppliers, and others.
43. *Different categories of customers and price discrimination.* The extent of the product market might be narrowed in the presence of distinct groups of customers. A distinct group of customers for the relevant product may constitute a narrower, distinct market when such a group could be subject to price discrimination. This will usually be the case when two conditions are met: (a) it is possible to identify clearly which group an individual customer belongs to at the moment of selling the relevant products to him, and (b) trade among customers or arbitrage by third parties should not be feasible.
- Evidence for defining markets — geographic dimension**
44. The type of evidence the Commission considers relevant to reach a conclusion as to the geographic market can be categorized as follows:
45. *Past evidence of diversion of orders to other areas.* In certain cases, evidence on changes in prices between different areas and consequent reactions by customers might be available. Generally, the same quantitative tests used for product market definition might as well be used in geographic market definition, bearing in mind that international comparisons of prices might be more complex due to a number of factors such as exchange rate movements, taxation and product differentiation.
46. *Basic demand characteristics.* The nature of demand for the relevant product may in itself determine the scope of the geographical market. Factors such as national preferences or preferences for national brands, language, culture and life style, and the need for a local presence have a strong potential to limit the geographic scope of competition.
47. *Views of customers and competitors.* Where appropriate, the Commission will contact the main customers and competitors of the parties in its enquiries, to gather their views on the boundaries of the geographic market as well as most of the factual information it requires to reach a conclusion on the scope of the market when they are sufficiently backed by factual evidence.

48. *Current geographic pattern of purchases.* An examination of the customers' current geographic pattern of purchases provides useful evidence as to the possible scope of the geographic market. When customers purchase from companies located anywhere in the Community or the EEA on similar terms, or they procure their supplies through effective tendering procedures in which companies from anywhere in the Community or the EEA submit bids, usually the geographic market will be considered to be Community-wide.
49. *Trade flows/pattern of shipments.* When the number of customers is so large that it is not possible to obtain through them a clear picture of geographic purchasing patterns, information on trade flows might be used alternatively, provided that the trade statistics are available with a sufficient degree of detail for the relevant products. Trade flows, and above all, the rationale behind trade flows provide useful insights and information for the purpose of establishing the scope of the geographic market but are not in themselves conclusive.
50. *Barriers and switching costs associated to divert orders to companies located in other areas.* The absence of trans-border purchases or trade flows, for instance, does not necessarily mean that the market is at most national in scope. Still, barriers isolating the national market have to be identified before it is concluded that the relevant geographic market in such a case is national. Perhaps the clearest obstacle for a customer to divert its orders to other areas is the impact of transport costs and transport restrictions arising from legislation or from the nature of the relevant products. The impact of transport costs will usually limit the scope of the geographic market for bulky, low-value products, bearing in mind that a transport disadvantage might also be compensated by a comparative advantage in other costs (labour costs or raw materials). Access to distribution in a given area, regulatory barriers still existing in certain sectors, quotas and custom tariffs might also constitute barriers isolating a geographic area from the competitive pressure of companies located outside that area. Significant switching costs in procuring supplies from companies located in other countries constitute additional sources of such barriers.
51. On the basis of the evidence gathered, the Commission will then define a geographic market that could range from a local dimension to a global one, and there are examples of both local and global markets in past decisions of the Commission.
52. The paragraphs above describe the different factors which might be relevant to define markets. This does not imply that in each individual case it will be necessary to obtain evidence and assess each of these factors. Often in practice the evidence provided by a subset of these factors will be sufficient to reach a conclusion, as shown in the past decisional practice of the Commission.

IV. CALCULATION OF MARKET SHARE

53. The definition of the relevant market in both its product and geographic dimensions allows the identification of the suppliers and the customers/consumers active on that market. On that basis, a total market size and market shares for each supplier can be calculated on the basis of their sales of the relevant products in the relevant area. In practice, the total market size and market shares are often available from market sources, i.e. companies' estimates, studies commissioned from industry consultants and/or trade associations. When this is not the case, or when available estimates are not reliable, the Commission will usually ask each supplier in the relevant market to provide its own sales in order to calculate total market size and market shares.
54. If sales are usually the reference to calculate market shares, there are nevertheless other indications that, depending on the specific products or industry in question, can offer useful information such as, in particular, capacity, the number of players in bidding markets, units of fleet as in aerospace, or the reserves held in the case of sectors such as mining.
55. As a rule of thumb, both volume sales and value sales provide useful information. In cases of differentiated products, sales in value and their associated market share will usually be considered to better reflect the relative position and strength of each supplier.

V. ADDITIONAL CONSIDERATIONS

56. There are certain areas where the application of the principles above has to be undertaken with care. This is the case when considering primary and secondary markets, in particular, when the behaviour of undertakings at a point in time has to be analysed pursuant to Article 86. The method of defining markets in these cases is the same, i.e. assessing the responses of customers based on their purchasing decisions to relative price changes, but taking into account as well, constraints on substitution imposed

by conditions in the connected markets. A narrow definition of market for secondary products, for instance, spare parts, may result when compatibility with the primary product is important. Problems of finding compatible secondary products together with the existence of high prices and a long lifetime of the primary products may render relative price increases of secondary products profitable. A different market definition may result if significant substitution between secondary products is possible or if the characteristics of the primary products make quick and direct consumer responses to relative price increases of the secondary products feasible.

57. In certain cases, the existence of chains of substitution might lead to the definition of a relevant market where products or areas at the extreme of the market are not directly substitutable. An example might be provided by the geographic dimension of a product with significant transport costs. In such cases, deliveries from a given plant are limited to a certain area around each plant by the impact of

transport costs. In principle, such an area could constitute the relevant geographic market. However, if the distribution of plants is such that there are considerable overlaps between the areas around different plants, it is possible that the pricing of those products will be constrained by a chain substitution effect, and lead to the definition of a broader geographic market. The same reasoning may apply if product B is a demand substitute for products A and C. Even if products A and C are not direct demand substitutes, they might be found to be in the same relevant product market since their respective pricing might be constrained by substitution to B.

58. From a practical perspective, the concept of chains of substitution has to be corroborated by actual evidence, for instance related to price interdependence at the extremes of the chains of substitution, in order to lead to an extension of the relevant market in an individual case. Price levels at the extremes of the chains would have to be of the same magnitude as well.

**Notice on agreements of minor importance which do not fall within the meaning of
Article 85 (1) of the Treaty establishing the European Community**

(97/C 372/04)

(Text with EEA relevance)

I.

1. The Commission considers it important to facilitate cooperation between undertakings where such cooperation is economically desirable without presenting difficulties from the point of view of competition policy. To this end, it published the notice concerning agreements, decisions and concerted practices in the field of cooperation between enterprises⁽¹⁾ listing a number of agreements that by their nature cannot be regarded as being in restraint of competition. Furthermore, in the notice concerning its assessment of certain subcontracting agreements⁽²⁾ the Commission considered that that type of contract, which offers all undertakings opportunities for development, does not automatically fall within the scope of Article 85 (1). The notice concerning the assessment of cooperative joint ventures pursuant to Article 85 of the EC Treaty⁽³⁾ describes in detail the conditions

under which the agreements in question do not fall under the prohibition of restrictive agreements. By issuing this notice which replaces the Commission notice of 3 September 1986⁽⁴⁾, the Commission is taking a further step towards defining the scope of Article 85 (1), in order to facilitate cooperation between undertakings.

2. Article 85 (1) prohibits agreements which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the common market. The Court of Justice of the European Communities has clarified that this provision is not applicable where the impact of the agreement on intra-Community trade or on competition is not appreciable. Agreements which are not capable of significantly affecting trade between Member States are not caught by Article 85. They should therefore be examined on the basis, and within the framework, of national legislation alone. This is also the case for

⁽¹⁾ OJ C 75, 29. 7. 1968, p. 3, as corrected in OJ C 84, 28. 8. 1968, p. 14.

⁽²⁾ OJ C 1, 3. 1. 1979, p. 2.

⁽³⁾ OJ C 43, 16. 2. 1993, p. 2.

⁽⁴⁾ OJ C 231, 12. 9. 1986, p. 2.

- agreements whose actual or potential effect remains limited to the territory of only one Member State or of one or more third countries. Likewise, agreements which do not have as their object or their effect an appreciable restriction of competition are not caught by the prohibition contained in Article 85 (1).
3. In this notice the Commission, by setting quantitative criteria and by explaining their application, has given a sufficiently concrete meaning to the term 'appreciable' for undertakings to be able to judge for themselves whether their agreements do not fall within the prohibition pursuant to Article 85 (1) by virtue of their minor importance. The quantitative definition of appreciability, however, serves only as a guideline: in individual cases even agreements between undertakings which exceed the threshold set out below may still have only a negligible effect on trade between Member States or on competition within the common market and are therefore not caught by Article 85 (1). This notice does not contain an exhaustive description of restrictions which fall outside Article 85 (1). It is generally recognized that even agreements which are not of minor importance can escape the prohibition on agreements on account of their exclusively favourable impact on competition.
 4. The benchmarks provided by the Commission in this notice should eliminate the need to have the legal status of agreements covered by it established through individual Commission decisions; notification for this purpose will no longer be necessary for such agreements. However, if it is doubtful whether, in an individual case, an agreement is likely to affect trade between Member States or to restrict competition to any significant extent, undertakings are free to apply for negative clearance or to notify the agreement pursuant to Council Regulations No 17⁽⁵⁾, (EEC) No 1017/69⁽⁶⁾, (EEC) No 4056/86⁽⁷⁾ and (EEC) No 3975/87⁽⁸⁾.
 5. In cases covered by this notice, and subject to points 11 and 20, the Commission will not institute any proceedings either on application or on its own initiative. Where undertakings have failed to notify an agreement falling within the scope of Article 85 (1) because they assumed in good faith that the agreement was covered by this notice, the Commission will not consider imposing fines.
 6. This notice is likewise applicable to decisions by associations of undertakings and to concerted practices.
 7. This notice is without prejudice to the competence of national courts to apply Article 85. However, it constitutes a factor which those courts may take into account when deciding a pending case. It is also without prejudice to any interpretation of Article 85 which may be given by the Court of Justice or the Court of First Instance of the European Communities.
 8. This notice is without prejudice to the application of national competition laws.
- II.
9. The Commission holds the view that agreements between undertakings engaged in the production or distribution of goods or in the provision of services do not fall under the prohibition in Article 85 (1) if the aggregate market shares held by all of the participating undertakings do not exceed, on any of the relevant markets:
 - (a) the 5 % threshold, where the agreement is made between undertakings operating at the same level of production or of marketing ('horizontal' agreement);
 - (b) the 10 % threshold, where the agreement is made between undertakings operating at different economic levels ('vertical' agreement).

In the case of a mixed horizontal/vertical agreement or where it is difficult to classify the agreement as either horizontal or vertical, the 5 % threshold is applicable.
 10. The Commission also holds the view that the said agreements do not fall under the prohibition of Article 85 (1) if the market shares given at point 9 are exceeded by no more than one 10th during two successive financial years.
 11. With regard to:
 - (a) horizontal agreements which have as their object
 - to fix prices or to limit production or sales, or
 - to share markets or sources of supply,
 - (b) vertical agreements which have as their object
 - to fix resale prices, or
 - to confer territorial protection on the participating undertakings or third undertakings,

the applicability of Article 85 (1) cannot be ruled out even where the aggregate market shares held by all of the participating undertakings remain below the thresholds mentioned in points 9 and 10.

⁽⁵⁾ OJ 13, 21. 2. 1962, p. 204/62.

⁽⁶⁾ OJ L 175, 23. 7. 1968, p. 1.

⁽⁷⁾ OJ L 378, 31. 12. 1986, p. 4.

⁽⁸⁾ OJ L 374, 31. 12. 1987, p. 1.

The Commission considers, however, that in the first instance it is for the authorities and courts of the Member States to take action on any agreements envisaged above in (a) and (b). Accordingly, it will only intervene in such cases when it considers that the interest of the Community so demands, and in particular if the agreements impair the proper functioning of the internal market.

12. For the purposes of this notice, 'participating undertakings' are:

- (a) undertakings being parties to the agreement;
- (b) undertakings in which a party to the agreement, directly or indirectly,
 - owns more than half of the capital or business assets, or
 - has the power to exercise more than half of the voting rights, or
 - has the power to appoint more than half of the members of the supervisory board, board of management or bodies legally representing the undertakings, or
 - has to the right to manage the undertaking's business;
- (c) undertakings which directly or indirectly have over a party to the agreement the rights or powers listed in (b);
- (d) undertakings over which an undertaking referred to in (c) has, directly or indirectly, the rights or powers listed in (b).

Undertakings over which several undertakings as referred to in (a) to (d) jointly have, directly or indirectly, the rights or powers set out in (b) shall also be considered to be participating undertakings.

- 13. In order to calculate the market share, it is necessary to determine the relevant market; for this, the relevant product market and the relevant geographic market must be defined.
- 14. The relevant product market comprises any products or services which are regarded as interchangeable or substitutable by the consumer, by reason of their characteristics, prices and intended use.
- 15. The relevant geographic market comprises the area in which the participating undertakings are involved in the supply of relevant products or services, in which the conditions of competition are sufficiently

homogeneous, and which can be distinguished from neighbouring geographic areas because, in particular, conditions of competition are appreciably different in those areas.

- 16. When applying points 14 and 15, reference should be had to the notice (on the definition of the relevant market under Community competition law (*)).
- 17. In the case of doubt about the delimitation of the relevant geographic market, undertakings may take the view that their agreement has no appreciable effect on intra-Community trade or on competition when the market share thresholds indicated in points 9 and 10 are not exceeded in any Member State. This view, however, does not preclude the application of national competition law to the agreements in question.
- 18. Chapter II of this notice shall not apply where in a relevant market competition is restricted by the cumulative effects of parallel networks of similar agreements established by several manufacturers or dealers.

III.

- 19. Agreements between small and medium-sized undertakings, as defined in the Annex to Commission recommendation 96/280/EC⁽¹⁰⁾ are rarely capable of significantly affecting trade between Member States and competition within the common market. Consequently, as a general rule, they are not caught by the prohibition in Article 85 (1). In cases where such agreements exceptionally meet the conditions for the application of that provision, they will not be of sufficient Community interest to justify any intervention. This is why the Commission will not institute any proceedings, either on request or on its own initiative, to apply the provisions of Article 85 (1) to such agreements, even if the thresholds set out in points 9 and 10 above are exceeded.
- 20. The Commission nevertheless reserves the right to intervene in such agreements:
 - (a) where they significantly impede competition in a substantial part of the relevant market,
 - (b) where, in the relevant market, competition is restricted by the cumulative effect of parallel networks of similar agreements made between several producers or dealers.

(*) OJ C 372, 9. 12. 1997, p. 5.

(10) OJ L 107, 30. 4. 1996, p. 4.

OPINION

of the Advisory Committee on Concentrations given at the 45th meeting on 9 April 1997 concerning a preliminary draft decision relating to Case No IV/M.856 — British Telecom/MCI

(97/C 372/05)

In respect of the concentration between BT and MCI notified pursuant to Council Regulation (EEC) 4064/89:

1. The Committee agrees with the definitions of the product market contained in the Commission's draft decision.
 2. The Committee agrees with the definitions of the geographical market contained in the Commission's draft decision.
 3. The Committee considers that the proposed merger, as originally notified, would reinforce BT's dominant position in the market for the provision of international voice telephony services on the UK-US route.
 4. The Committee considers that the proposed merger, as originally notified, would reinforce BT's dominant position in the UK market for audioconferencing services.
 5. The Committee agrees with the Commission that the undertakings submitted by the parties are sufficient and adequate to prevent the reinforcement of the dominant positions referred to above brought about by the notified concentration.
 6. The Committee considers that, subject to the condition of full compliance with the commitments made by the parties, the concentration is compatible with the common market and the functioning of the EEA agreement.
 7. The Committee asks the Commission to take account of the other points raised during the discussion.
 8. The Committee recommends publication of its opinion.
-

OPINION

of the Advisory Committee on Concentrations given at the 47th meeting on 4 July 1997 concerning a preliminary draft decision relating to Case No IV/M.877 — Boeing/McDonnell Douglas

(97/C 372/06)

1. The Committee agrees with the Commission that the proposed acquisition of MDC by Boeing constitutes a concentration which falls within the scope of the Merger Regulation.
2. The Committee agrees with the Commission that the overall market in this case is the world market for large commercial jet aircraft which comprises separate relevant markets for narrow-body aircraft and for wide-body aircraft.
3. The Committee agrees with the Commission that Boeing enjoys a dominant position on the relevant markets as defined by the Commission.
4. The Committee agrees with the Commission that the concentration, as notified by the parties, would lead to the strengthening of this dominant position as a result of which effective competition would be significantly impeded in the common market.
5. The Committee agrees with the Commission that the commitments offered by the parties are not sufficient to prevent the strengthening of the dominant position of Boeing.
6. The Committee asks the Commission to explore whether Boeing is prepared to offer remedies in respect of the three main competition problems identified in the draft decision in order to prevent the strengthening of a dominant position in this case, and to give the Committee an opportunity to comment on any such remedies and the Commission's analysis thereof.

If adequate remedies are not offered in respect of these competition problems in order to prevent the strengthening of a dominant position in this case, the Committee agrees that the concentration should be prohibited as incompatible with the common market.

7. The Committee asks the Commission to take account of the other points raised during the discussion.
 8. The Committee recommends the publication of its opinion in the *Official Journal of the European Communities*.
-

OPINION

of the Advisory Committee on Concentrations given at the 47th meeting — supplementary session on 16 July 1997 concerning a preliminary draft decision relating to Case No IV/M.877 — Boeing/McDonnell Douglas

(97/C 372/07)

1. The Advisory Committee agrees with the Commission that the commitments offered by the parties to date are not sufficient to remedy the competition problems identified in the draft decision and do not prevent the strengthening of Boeing's dominant position.
2. The Advisory Committee asks the Commission to continue to explore whether Boeing is prepared to offer adequate remedies and reaffirms its position as stated in the opinion given at its meeting on 4 July 1997, in particular point 6.
3. The Committee asks the Commission to take account of all other points raised in the discussion.
4. The Committee recommends the publication of its opinion in the *Official Journal of the European Communities* together with its opinion given at its meeting on 4 July 1997.

OPINION

of the Advisory Committee on Concentrations given at the 47th meeting — second supplementary session on 25 July 1997 concerning a preliminary draft decision relating to Case No IV/M.877 — Boeing/McDonnell Douglas

(97/C 372/08)

1. A majority of the Advisory Committee agrees with the Commission that the package of commitments offered by Boeing is sufficient to remedy the competition problems identified in the draft decision and prevents the strengthening of Boeing's dominant position. A minority expresses reservations.
2. A majority of the Advisory Committee agrees with the Commission that the concentration should be declared compatible with the common market, subject to full compliance with the commitments offered by Boeing and recommends, given the exceptional balance of structural and behavioural commitments in this particular case, that all these commitments be incorporated as conditions and obligations pursuant to Article 8 (2) of the Merger Regulation in the decision. A minority expresses reservations.
3. The Advisory Committee requests the Commission to set up and implement a rigorous system of monitoring full compliance with the commitments entered into by Boeing and to subject Boeing to the necessary conditions and obligations in its decision for this purpose.
4. The Advisory Committee requests that Commission to report annually to the Advisory Committee on Boeing's compliance with the commitments mentioned in paragraph 3 above.
5. The Advisory Committee asks the Commission to take account of all other points raised in the discussion.
6. The Advisory Committee recommends the publication of this opinion in the *Official Journal of the European Communities*.

Prior notification of a concentration**(Case No IV/M.1042 — Eastman Kodak/Sun Chemical)**

(97/C 372/09)

(Text with EEA relevance)

1. On 1 December 1997, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 ⁽¹⁾ by which the undertakings Eastman Kodak Company ('Kodak') and Sun Chemical group BV ('Sun') acquire within the meaning of Article 3 (1) (b) of the Regulation joint control of the whole of a newly created undertaking Kodak Polychrome Graphics.
2. The business activities of the undertakings concerned are:
 - Kodak: imaging products and services for various sectors, including the graphic arts sector,
 - Sun: printing ink, organic pigments, printing plates and graphic arts film.
3. On preliminary examination, the Commission finds that the notified concentration could fall within the scope of Regulation (EEC) No 4064/89. However, the final decision on this point is reserved.
4. The Commission invites interested third parties to submit their possible observations on the proposed operation.

Observations must reach the Commission not later than 10 days following the date of this publication. Observations can be sent by fax (No (32 2) 296 43 01/296 72 44) or by post, under reference IV/M.1042 — Eastman Kodak/Sun Chemical, to:

European Commission,
Directorate-General for Competition (DG IV),
Directorate B — Merger Task Force,
Avenue de Cortenberg/Kortenberglaan 150,
B-1040 Brussels.

⁽¹⁾ OJ L 395, 30. 12. 1989; corrigendum: OJ L 257, 21. 9. 1990, p. 13.

Non-opposition to a notified concentration**(Case No IV/M.967 — KLM/AIR UK)**

(97/C 372/10)

(Text with EEA relevance)

On 22 September 1997, the Commission decided not to oppose the above notified concentration and to declare it compatible with the common market. This decision is based on Article 6 (1) (b) of Council Regulation (EEC) No 4064/89. The full text of the decision is available only in English and will be made public after it is cleared of any business secrets it may contain. It will be available:

- as a paper version through the sales offices of the Office for Official Publications of the European Communities (see list on the last page),
- in electronic form in the 'CEN' version of the Celex database, under document number 397M0967. Celex is the computerized documentation system of European Community law; for more information concerning subscriptions please contact:

EUR-OP,
Information, Marketing and Public Relations (OP/4B),
2, rue Mercier,
L-2985 Luxembourg.
Tel: (352) 29 29 424 55, fax: (352) 29 29 427 63.

II

(Preparatory Acts)

COMMISSION

Proposal for a Council Directive on the list of less-favoured farming areas within the meaning of Regulation (EC) No 950/97 (Denmark)

(97/C 372/11)

COM(97) 575 final — 97/0308(CNS)

(Submitted by the Commission on 11 November 1997)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 950/97 of 20 May 1997 on improving the efficiency of agricultural structures⁽¹⁾, and in particular Article 21 (2) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas the permanent natural and geographical handicaps existing in the Danish islands result in higher production and transport costs that prevent farmers in these areas from obtaining from their production income on a level with that obtained by comparable farmers elsewhere in the Member State;

Whereas the Danish Government has sent the Commission, in accordance with Article 21 (1) of Regulation (EC) No 950/97, a list of islands suitable for inclusion in the Community list of less-favoured farming areas and information on the particular features of these areas;

Whereas, with a view to identifying the areas affected by specific natural handicaps that can be deemed less-favoured areas as referred to in Article 25 of Regulation (EC) No 950/97, all islands of less than 600 km² on which adverse natural conditions contribute to a farming income below the national average have been selected;

all islands of less than 600 km² on which adverse natural conditions contribute to a farming income below the national average have been selected;

Whereas the total surface area of the relevant areas does not exceed 4 % of the total surface area of the Member State in question;

Whereas the nature and level of the above indices used by the Government of Denmark to define the areas notified to the Commission correspond to the characteristics of the areas affected by specific handicaps referred to in Article 25 of Regulation (EC) No 950/97,

⁽¹⁾ OJ L 142, 2. 6. 1997, p. 1.

HAS ADOPTED THIS DIRECTIVE:

Article 1

The list of less-favoured farming areas in Denmark shall be that contained in the Annex to this Directive and shall be included in the Community list of less-favoured farming areas within the meaning of Article 25 of Regulation (EC) No 950/97.

Article 2

This Directive is addressed to the Kingdom of Denmark.

ANNEX

PROPOSED DANISH ISLANDS LESS-FAVOURED AREAS

Island name	Land area (in km ²)	UAA (in ha)
1. Samsø (1)	114,30	7 831
2. Læsø	113,80	2 466
3. Fanø (3)	55,80	929
Sub-total: 3 main islands	283,90	11 226
4. Agersø (4), including Egholm	7,83	709
5. Anholt	22,37	4
6. Askø, including Lilleø	3,88	215
7. Avernakø	5,85	289
8. Barsø	2,66	232
9. Birkholm	0,92	84
10. Bjørnø	1,50	158
11. Baagø	6,23	566
12. Drejø	4,28	235
13. Egholm [Nordjyllands amt] (*)	6,00	448
14. Endelave	13,08	800
15. Fejø (5), including Skalo	16,00	1 424
16. Femø (5)	11,38	1 009
17. Fur (2)	22,29	1 100
18. Hjarnø	3,21	287
19. Hjortø	0,90	90
20. Lyø	6,05	371
21. Mandø (3)	7,63	547
22. Nekselø	2,23	214
23. Omø	4,52	337
24. Orø	15,02	1 200
25. Sejerø	12,37	557
26. Skarø	1,97	112
27. Strynø	4,88	340
28. Tunø (1)	3,52	270
29. Venø (2)	6,46	372
30. Aarø	5,68	150
Sub-total other islands	199,00	12 120
Total of request	482,60	23 346
Total DK	43 076,70	2 770 000
LFA request in %	1,1 %	0,84 %

4 % of 43 077 km² = 1 723 km²

(*) Islands in the same archipelago.

III

(Notices)

COMMISSION

Proposals (DG XXII/37/97) pursuant to the Leonardo da Vinci programme

(97/C 372/12)

I. NAME AND ADDRESS OF THE CONTRACTING SERVICE

European Commission, DG XXII 'Education, Training and Youth',
Rue de la Loi/Wetstraat 200,
B-1049 Brussels.

For submitting proposals, see section XII below.

the Commission's report on the implementation of the Council recommendation of June 1993 regarding 'Access of workers to continuing training' (COM(97) 180 final) and the Commission Green Paper on 'Obstacles to transnational mobility for people in training' (COM(96) 462 final). The guidelines established in the field of employment promotion by recent European Councils — in particular the European Council in Amsterdam (June 1997), the recent Commission communication to the Council on 'Developing apprenticeship in Europe' (COM(97) 300 final) and the guidelines set out by the Commission in its 'European pact for employment' (CSE(96) 1 final) — are also part of this reference framework.

II. CONTEXT

1. The Leonardo da Vinci programme contributes to the implementation of a vocational training policy at Community level (see Article 127 of the Treaty on the European Union). Its objective is to promote new approaches to vocational training policies and practices. Based on the experience acquired during the first three years of operation of Leonardo da Vinci, and above all, the lessons learnt from the first interim evaluation of the programme (COM(97) 399 final), it is necessary, with regards to current procedures, to better identify the specific nature of activities to be supported within Leonardo da Vinci, while taking into account the common framework of objectives as defined in the Council Decision.
2. Actions to be implemented within Leonardo da Vinci in 1998 will take into account policy and operational framework arising from actions at Community level in the field of education and training. These are, in particular, the 'European year for lifelong education and training' (1996), the guidelines described in the Commission's White Paper 'Teaching and learning: Towards the learning society' (COM(95) 590 final), the Action Plan for innovation (COM(96) 589 final),
3. Subject to the eligibility conditions being met (see section VII, point 2), in 1998 the Commission will give particular attention to proposals relating to transnational placement and exchange programmes (strand I.1.2 and II.1.2), and the dissemination of training results, methodologies, instruments and products (strand III.3.a). Particular emphasis is also placed on the dissemination of training innovation, particularly amongst SMEs, including the promotion of the enterprise spirit; the creation of small enterprises (including the social economy sector) and in the preparation of self-employment. Emphasis is also placed on the development of European training partnership networks involving the different relevant actors — especially the social partners. The Commission also welcomes projects testing new work organization approaches in the field of access to continuing training and guidance, in particular projects which focus on unemployed young people and adults to enter or re-enter work. Furthermore, the Commission will particularly favour good quality proposals focusing on equal opportunities (over and above the specific measures in the programme) and the promotion of linguistic competencies (particularly those developing standards, models and tools for 'language audits' and new methodological approaches using the latest new technologies) across all the priorities.

4. Within this context, the Commission draws the attention of potential promoters to the importance of presenting proposals which have one or more of the following characteristics:

- the existence of a strong and structured partnership in which enterprises are actively involved, particularly SMEs (or groups of SMEs), including enterprises in the social economy, associations and foundations,
- the active participation of the social partners at all levels and in all measures, particularly those concerning general work organization and, more generally, the development of social dialogue,
- the links with regional or local development, particularly through the training of development agents, particularly in the context of territorial pacts for employment,
- focus on industrial change, including at sectoral level — the proposed training measure aiming especially at the transfer of innovation, particularly technology transfer for the production of new goods and services, the establishment of new production systems, and the implementation of work organizations involved in training which focus on the protection of the environment and natural resources,
- supporting structural/organization training initiatives focusing on combating exclusion,
- accompanying the development, at sectoral and territorial level, of transnational networks for the exchange of good training practices amongst enterprises (particularly SMEs) and their support structures, both vocational and sectoral,
- the existence of partners from Cyprus and the associated Central and Eastern European countries participating fully in the programme (from 1 November 1997, Romania, Hungary and the Czech Republic).

5. The Council's Decision on the Leonardo da Vinci programme puts emphasis on pilot projects where the results can be developed and tested through transnational placement and exchange programmes; and vice-versa, on transnational placement and exchange programmes which develop and validate the results of pilot projects.

With regard to surveys and analyses (strand III.2.a) in the programme, the Commission stresses that the

proposals submitted must show the added value contribution of the project to the implementation of priorities (see section IX below), and must therefore contribute to the implementation of vocational training policy at Community level. To make best use of resources, it is preferable to present survey and analysis projects on the development of new policies in participating countries rather than presenting purely analytical studies.

III. THE AREAS OF VOCATIONAL TRAINING

6. Pilot projects, or transnational exchange and placement programme proposals aimed at improving the quality of initial or continuing vocational training systems and arrangements, must be presented under strand I. Proposals aimed at improving initial or continuing vocational training practices and measures within enterprises, including through the participation of the social partners and/or universities, must be presented under strand II.

Proposals for improving language skills and the dissemination of innovation in vocational training must be presented under strands III.1 and III.3a respectively. Survey and analysis proposals aimed at developing knowledge in the field of vocational training must be presented under strand III.2.a. Survey and analysis proposals (strand III.2.a) concerning priorities 1 and 4 (see section IX below) must be presented under procedure 2, described under sections X, XI and XII below. Proposals concerning priorities 2, 3 and 5 (see section IX below) must be presented under procedure 1, described in sections X, XI, XII below.

7. The main characteristics which differentiate proposals for presentation under strands I and II of the programme are that:

- pilot projects presented under strand I must define the expected impact on the vocational training systems and arrangements in the participating countries. The proposals concerned should show that they have clear links with one or several public or contractual arrangements or general significance, clearly demonstrating how the proposals support and supplement them,
- pilot projects under strand II are centred on transnational activities which are designed and implemented by operators who are directly involved in vocational training measures. Pilot project proposals under strand II will have to show how they involve the economic and social

actors at different levels (including those involved in university/enterprise cooperation) and how they support and complement their vocational training activities,

- survey and analysis projects must focus on developing knowledge in the area of vocational training and they must concern initial vocational training and the transition of young people to working life, continuing training and lifelong learning.

IV. CHARACTERISTICS OF GOOD QUALITY PROPOSALS

8. Subject to their being eligible (eligibility criteria are defined in the 'Application form'), proposals will be evaluated by taking into account the following conditions:

- proposals must specify how they will improve existing training methodologies, content, practices and tools (the proposal cannot simply recycle existing training materials — for example onto a CD-ROM — or simply reproduce existing training arrangements),
- proposals must show how the transnational partnership will contribute to strengthening the employability and adaptability of workers through, for example, meeting the evolutionary needs of the labour market; transnational mobility for workers; transparency and recognition of qualifications (particularly with regards to qualification-based occupational requirements as expressed in Directive 92/51 EEC); combating exclusion or meeting the skill needs of enterprises, particularly SMEs (including the social economy sector). All partners must play a structured and active role,
- proposals must show how the results will be transferred to other potential training actors, including publishers;
- proposals must show how, at sectoral or territorial level, they actively involve partners representing different types of organization involved in vocational training,
- proposals must show the financial breakdown of the activities to be carried out, i.e. providing

clear details (on the application form) of expenses and income for the project as well as the various sources of financial support. They will also have to show their ability to ensure efficient transnational management of the project implementation and evaluation, and achievement of results.

V. DURATION AND AMOUNTS OF COMMUNITY SUPPORT

9. The specific nature of the present call for proposals, coming as it does two years before the end of the implementation of the programme decided by the Council (31 December 1999), is intended to pave the way for a possible follow-up to the programme in the spirit of the priorities defined by the Commission in its 'Agenda 2000', particularly as concerns actions to be implemented for the construction of the 'Union of knowledge'. This means that pilot project proposal will only be accepted for a maximum duration of two years after the contract date, which will be the end of November 1998. The maximum duration of transnational placement and exchange programmes will vary according to the nature of the proposed activities.

10. Community financial support for pilot projects, multiplier-effect projects or placement/exchange programmes will only rarely reach the maximum amounts given in the Council's Decision (i.e. ECU 100 000 per year up to a maximum of 75 % of eligible costs, for pilot projects and ECU 5 000 per year for a placement or exchange, for the maximum duration for exchanges and placements given in the Council Decision). Promoters should note that often the financial support offered by the Community can be lower than that requested by the promoter.

VI. LINKS BETWEEN LEONARDO DA VINCI AND OTHER PROGRAMMES AND INITIATIVES

11. Complementarity should be strengthened between Leonardo da Vinci and other Community programmes (such as Socrates) and initiatives (particularly with regards to priority 2, and the Youthstart, Integra and Urban initiatives), as well as with the fourth framework programme of research and technological development. In order to implement these links at an operational level, promoters who are managing or have successfully managed and finalized a project financed under another programme or one of the Community

initiatives may also apply under this call for proposals (in order to strengthen their partnership; or to manage transnational networks for disseminating and transferring the training methods and products already developed).

In the case of projects which have received funding from another programme or initiative, clarification of the previous relevant funds received will be required to ensure financial transparency and accountability.

Double funding is not permitted. Promoters cannot receive funds for (partly) identical or similar proposals submitted under the Leonardo da Vinci programme and another Community programme or initiative.

VII. PARTICIPATION OF PRE-ACCESSION COUNTRIES

12. Following the Association Councils' decisions, the Czech Republic, Hungary, Romania and Cyprus can fully participate in the Leonardo da Vinci programme in 1998. However, specific budget regulations must be observed. These can be found in an amendment to the application forms.

Terms of participation

In order to benefit from a grant under the programme, applicant institutions/organizations must come from:

- one of the European Economic Area countries (EUR 18), i.e. the 15 Member States of the European Union (EUR 15), plus Iceland, Liechtenstein and Norway,
- one of the associated countries in the Leonardo da Vinci programme: by 1 November 1997, the Czech Republic, Hungary, Romania and Cyprus,
- one of the countries whose association in the Leonardo da Vinci programme is currently being negotiated, on condition that the relevant

decisions are taken before the end of the selection procedure: Bulgaria, Estonia, Latvia, Lithuania, Poland, Slovakia and Slovenia.

Rules for eligibility

Placement and exchanges projects (with the exception of the proposals submitted under strand III.1.b) and pilot projects and survey and analysis projects (with the exception of projects submitted under strand III.1.a) must include participants from at least three countries, with at least one being a Member State of the European Union.

VIII. ADDITIONAL INFORMATION

13. Promoters will find additional information in the 'Application forms' which must be used to submit proposals. They are advised to contact their national coordination unit (NCU) and/or the Leonardo da Vinci technical assistance office (addresses below) for further information (see section XII below).

Promoters are also advised to connect to the Commission 'Europa' Internet server (access code: <http://europa.eu.int/en/comm/dg22/leonardo.html>) where they will find the necessary information and forms. Applicants should contact the NCUs for proposals concerning measure I.1.2 as implementation of this measure is a national responsibility.

14. Furthermore, in addition to initiatives from participating countries in the context of the call for proposals, the Commission will organize the launch of the 1998 call for proposals on 11 December 1997 and information and contact days in Brussels on 19 and 20 January 1998. Interested potential promoters should contact their national coordination unit and/or the Leonardo da Vinci technical assistance office in Brussels for any additional information and to indicate their interest in attending.

IX. LEONARDO DA VINCI PRIORITIES FOR 1998

15. For all of the measures in strands I, II and III (proposals for pilot projects, transnational exchange and placement programmes, surveys and analyses) of

Leonardo da Vinci, the 1998 call for proposals identifies 5 main priorities:

1. the acquisition of new skills;
 2. forging closer links between educational or training establishments and enterprises;
 3. combating exclusion;
 4. promoting investment in human resources;
 5. generalizing access to skills and promoting the development of vocational skills through the information society in the context of lifelong learning.
16. Experience of the last three years has shown that promoters should ensure that they clearly specify the choice of priority for the proposal which they are submitting, as well as ensuring the exclusivity of the priority *vis-à-vis* other areas and the added value for the European Community.

Priority 1: The acquisition of new skills

17. Proposals must seek to improve employment prospects by adapting methods and content of vocational training to changes in work organization, technological or environmental developments and social change, as well as to the needs of the Single Market, and/or they should contribute to improving language skills (see section IV above), by responding to one or more of the following objectives:

- (a) enabling people to acquire skills required for new jobs through the identification of those skills and through the development of training and new qualifications, for example, for new job sources, in particular in the area of the environment, new information and communication technologies, health, community care, national heritage, security and tourism as well as for the creation of enterprises, particularly SMEs and small craft industries, and, more generally, to local initiative projects linked to job creation;
- (b) promoting the acquisition and transparency of vocational qualifications including core/key/new skills and promoting studies arising from the

development of research products covering the development of new models and instruments; and by examining ways of bringing informal and formal learning arrangements closer together in the context of promoting lifelong learning and access to it;

- (c) developing, testing or analysing new methods of validation/certification of core/key skills and qualifications in the field of initial training by the project promoters, including those skills and qualifications acquired through professional experience and informal training. They include, for example, high-quality staff in the tertiary sector, particularly engineers and technicians working in production, fittings and maintenance in the services to enterprise sector, notably in the field of transfer of innovation, the aim being to contribute to greater transparency in skills between participating countries;

- (d) aiming at developing innovative approaches in the field of training quality.

18. Pilot project proposals which address areas from the point of view of individuals will be given particular attention in respect of:

- being capable of being part of a European design, production and valorization network aimed at developing, in cooperation with the systems and arrangements in the participating countries, methods for validating competencies, complementary to formal qualification systems, while also opening new opportunities for individuals to have their skills and professional achievements validated and to promote their transnational mobility,
- showing their ability to bring together, during the different phases of the project, relevant expertise in the area of competencies covered, expertise in defining relevant training modules and expertise and action for the development of tools to accredit the learning of individuals (for example through a 'personal skills card').

Priority 2: Forging closer links between educational or training establishments and enterprises

19. Proposals must seek to develop vocational teaching and training, particularly on and off-the-job training and apprenticeship training, including higher education (university and non-university level) and

adult education, and must aim to improve the attractiveness of vocational training by responding to one or more of the following objectives:

(a) adaption initial training content and delivery, through cooperation between educational or training establishments and enterprises, in order to develop new approaches to on and off-the-job training, including apprenticeship/training, with regard to new employment and qualification needs, for example in the area of new technology; particularly in the light of the results of RDT programmes by means of cooperation between universities and enterprises;

(b) promoting new routes to higher education which promote on and off-the-job training, including apprenticeship/training between education or training establishments at higher education level and enterprises.

20. Under this priority, the Commission will welcome proposals, particularly those involving the social partners, which concern:

— the development of all forms of vocational on and off-the-job teaching and training courses (including apprenticeship/training), at all levels, in particular those providing for significant periods of recognized training and/or work experience in another participating country as an integral part of the training undertaken in the sending participating country, or

— the development of opportunities for training and work experience in various economic, social, and cultural environments in other participating countries, during the course of an apprenticeship, or

— the promotion of new forms of pedagogic mentoring (particularly with regard to trainers, teachers and tutors), taking into account the European dimension, as well as the use of new distance training technology in the context of on and off-the-job training, including apprenticeship/training, or

— the promotion of transnational mobility through closer cooperation between apprenticeship/training centres and enterprises in the different

participating countries, including research institutes; the terms of this cooperation being the responsibility of the players concerned.

The Commission will support exchange/ placement proposals and pilot projects in the field of lifelong guidance and advice for young graduates in order to reinforce their employability, and for middle-management personnel, especially in SMEs.

21. If appropriate, pilot projects could lead to exchange or placement programmes.

Priority 3: Combating exclusion

22. Proposals must aim to prevent or combat exclusion and promote access to training for those at a disadvantage on the labour market, including adults, by improving employment prospects for unqualified or lowly qualified, unemployed people through:

(a) improved information, guidance and counselling to address individual training needs in view of professional integration for young people and adults;

(b) adapting the content and methods of delivery of training for those lacking qualifications in order to strengthen core/key skills and the ability to learn, to take into account and enhance experience and where possible to lead to a vocational qualification;

(c) retaining young people in the training and qualification systems.

23. The Commission will give priority to proposals within the same level of quality which:

— concern the development of innovative teaching materials and pedagogical approaches to help integrate people into employment, and which are targeted at the most disadvantaged groups, both in educational and social terms. In particular, these could include those in disadvantaged urban areas or rural areas of high unemployment. They could also aim to increase the motivation, the ability to 'learn to learn' and basic knowledge and social aptitudes of those concerned (in particular young people), and they could include approaches and methods seeking to integrate or to re-integrate people into the mainstream of initial and continuing qualifying vocational training,

- show their ability to bring together local, regional and national financial and human resources, in addition to the funds allocated by the European Community, and the ability to establish partnerships with social and economic actors, such as SMEs, in order to contribute to successful outcomes in terms of employment, for example through the development of mentoring/tutoring systems,
- make use of multi-player local and regional networks intended to establish or reinforce strong transnational cooperation between current integration experiments in the different countries participating in the programme.

Priority 4: Promotion of investment in human resources

24. Proposals must focus on promoting investment in people and quality in vocational training (including at higher education level) as key factors in achieving economic aims by:

- (a) promoting training for staff in public authorities, particularly territorial communities or agencies at different levels involved in economic/social development, in particular to improve human resource planning, guidance and counselling skills;
- (b) promoting access to continuing training (particularly in light of the Commission's aforementioned report), in particular for low-qualified employees, by encouraging enterprises to develop effective training and human resource development strategies, for example through job/training rotation schemes, the development of individual career plans in the context of organizations involved in training; and including new arrangements for combining information, training and work and/or working conditions and/or taking into account new employment relations;
- (c) developing new methodology (including those making use of open and distance learning) to

remove disincentives to training for SMEs, and for the establishment of partnerships of local/regional educational institutions — including universities — and local business interests.

25. The Commission will welcome proposals which — on the basis of an analysis of the systems and arrangements in the different participating countries — aim to demonstrate to what extent and how investment in continuing training for employees can be reinforced (including the financing of innovative approaches in the field of lifelong learning). Particular attention will be paid to projects developing innovative training strategies and practices applicable in local and sectoral SMEs, particularly those concerning the setting up of a European network of training centres specialized in advance innovative training and territorially-oriented technological transfer, strategies and practices directed at those enterprises and also involving universities, public and private research organisations, vocational organizations and the social partners. In the same way, the Commission will pay particular attention to proposals focusing on the training of social partners (especially SMEs) on the emergence of the single currency.

The Commission will welcome proposals aimed at setting up transnational thematic continuing training networks allowing for both individual investment on the part of workers and tutoring during working time.

The Commission will support proposals aimed at setting up training resource centres organized into networks for developing wider access to training, particularly through the use of new technology, such as, for example, the 'University for industry' initiative proposed by the United Kingdom.

26. For all the actions submitted under this priority, proposals from partnership involving the social partners, especially those set in the context of social dialogue, will be particularly welcome. The Commission will examine quality proposals aimed at setting up, at the initiative of the social partners at Community level, transnational arrangements for supporting, analysing and monitoring the development of investment in the human resources of enterprises by the different players concerned.

Priority 5: Generalizing access to skills through the information society in the context of lifelong learning

27. The Commission will welcome proposals which have the dual objective of, on the one hand, developing information and communication technology in order to widen lifelong access to apprenticeship/training and, on the other hand, responding to new requirements for qualifications and skills resulting from industrial changes and the new information society. Proposals must have one or more of the following characteristics:

- helping the development of SMEs in the information society: projects on the successful integration of information and communication technology in the training activities SMEs; training projects geared to professional careers and the setting up of information technology environments, particularly within SMEs;

- developing innovative training products and methods for low-qualified people;

- training teachers and trainers in the use of educational and multimedia software in the apprenticeship/training process, including by integrating material from information and communication technology; training vocational guidance counsellors in order to get them acquainted to the possibilities offered by the use of new technology; developing software that takes into account the different profiles of learners;

- helping develop vocational qualification structures for instructional designers of educational software that take into account the different degrees of expertise required in the design, development and setting up of education and training technology as well as in the different training environments;

- carrying out surveys and analyses to identify innovative methods for the use of new information and communication technology in vocational training, taking into account, in particular, the needs of SMEs and the acquisition of new skills, including the analysis of new models of apprenticeship/training; surveys and analyses must provide a broad summary of this experience, assessing its impact and establishing recommendations for wide dissemination,

- disseminating good practice concerning the production, use and distribution of multimedia educational material and software for use in vocational training,

- developing initiatives in the field of virtual mobility (for instance teleworking and tele-placement) as well as in other forms of work organization and innovative educational software that might facilitate mobility; more generally developing operational methods to accompany and evaluate software.

X. PROCEDURES

28. Procedure I

Each participating country will organize and publish in coordination with the Commission a call for proposals under strands I.1.1 ('Pilot projects aimed at supporting the improvement of vocational training systems and arrangements in Member States'), I.1.2 ('Transnational placement and exchange programmes'), III.1 ('Improving language skills'), III.3a ('Dissemination of innovation in the field of vocational training') and III.2a ('Surveys and analyses in the field of vocational training') in the framework of the Leonardo da Vinci programme (priorities 2, 3 and 5).

Procedure II

A general call for proposals by the Commission for the 15 Member States of the European Union and the EFTA countries participating in the European Economic Area as well as Hungary, Romania, the Czech Republic and Cyprus regarding strands II

(‘Support for the improvement of vocational training measures, including industry/university cooperation, concerning undertakings and workers’) and III.2a (‘Surveys and analyses in the field of vocational training’) of the Leonardo da Vinci programme (priorities 1 and 4).

29. The Commission and each participating country will endeavour to coordinate information policy in order to maximize transparency in the selection process, to optimize access for all promoters and to reach all target groups.

XI. GENERAL CONDITIONS

30. **Vademecum and application forms**

The ‘Vademecum’, the ‘Application forms’ as well as the ‘Addendum to the 1998 application forms’ describe the eligibility conditions and criteria applied and the principles regulating the granting of Community support.

These can be obtained, on request, in each of the Community languages from the technical assistance office set up to assist the Commission in the implementation of the programme, as well as from the national coordination units in each participating country (see list in the Annex).

The Vademecum and the application forms are available via Internet on the server ‘Europa’. The entry-code is: <http://europa.eu.int/en/comm/dg22/leonardo.html>.

Content and presentation of proposals

Potential promoters are asked to adhere strictly to the eligibility criteria presented in the ‘Vademecum’ and the ‘Application forms’, as well as to the priorities described earlier in this document.

Deadline for submitting applications

The deadline for submitting applications for proposals (for all proposals under strands I, II and III) is **31 March 1998** (as shown by the postmark). The Commission and/or the participating countries will not consider proposals that are posted after this postmark date.

XII. WHERE TO SEND APPLICATIONS

31. Proposals under procedure I — i.e. strands I.1.1, III.1, III.2.a and III.3.a — must be sent to the ‘Leonardo da Vinci national coordination unit’ in the participating country concerned (1 original + 1 copy), with a copy to the ‘technical assistance office’ established to assist the European Commission in the implementation of Leonardo da Vinci (2 copies). Proposals under strand I.1.2 must be sent only to the national coordination unit (1 original + 1 copy), with no copy and the technical assistance office.

Proposals under procedure II — i.e. strands II and III.2a — must be sent to the following address:

Technical Assistance Office to the European Commission for the Leonardo da Vinci programme,
9 Avenue de l’Astronomie, B-1210 Brussels (1 original + 3 copies),

with two copies to the Leonardo da Vinci national coordination unit in the participating country concerned (2 copies).

Announcement regarding the launch and the information and contact days for the 1998 Leonardo da Vinci call for proposals

The European Commission, Directorate-General XXII ‘Education Training and Youth’ will organize the launch of the 1998 call for proposals on 11 December 1997 from 10.00 to 11.30 a.m. (GMT + 1 hour). This will be transmitted by satellite on Eutelsat II (Europe by Satellite, Eutelsat 2 F2 at 10 degrees East — transponder 21 frequency 11 080 000 MHz — horizontal polarity — 19 MHz/volt).

On 19 and 20 January 1998, information and contact days will also be organized, regarding the 1998 Leonardo da Vinci programme call for proposals. The meetings are mainly intended for new promoters seeking partners in order to set up innovative vocational training projects in line with the priorities of the 1998 call for proposals.

These days will offer:

- specific information areas: there will be stalls/stands for the European Commission, national coordination units, and participating pre-accession countries; a

project help-desk stand; a practical information point; and thematic meeting points to facilitate contact opportunities between participants,

— thematic and practical workshops devoted to the priorities in the 1998 call for proposals.

Enrolment and participation will be free. However, travel and accommodation expenses for participants will not be reimbursed by the Commission.

If you would like to participate in these information and contact days, please send the enrolment form by fax to (33-1) 43 67 79 00, to arrive no later than **7 January 1998**.

This enrolment form is available either on the Europa server
(<http://europa.eu.int/en/comm/dg22/leonardo.html>)

or can be provided by the national coordination units whose addresses are given in Annex I, or by telephone (33-1) 43 67 79 79 or fax (33-1) 43 67 79 00.

A detailed programme for these days, together with practical information concerning your participation will be sent to you. You will be notified if your request has to be turned down due to the limited number of places.

For any further information, you may contact the national coordination units for the Leonardo da Vinci programme.

In addition, you may also enrol for the information and contact days from now on by using the partner search database — frequently used by promoters — on the Internet
(address — <http://www.leonardodavinci.net/psd/>).

ANEXO I — BILAG I — ANHANG I — ΠΑΡΑΡΤΗΜΑ Ι — ANNEX I — ANNEXE I — ALLEGATO I — BIJLAGE I —
ANEXO I — LIITE I — BILAGA I

LEONARDO DA VINCI

Instances Nationales de Coordination (INC)

National coordination Units (NCUs)

BELGIQUE/BELGIUM

VLAAMSE GEMEENSCHAP

Vlaams Leonardo da Vinci Agentschap
Bischoffsheimlaan 27, bus 3
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E-mail: clooten@VL-Leonardo.be
Personne à contacter/Contact person: Ms Trudi Clooten

Carl Duisberg Gesellschaft e. V. (CDG)
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Weyerstraße 79—83
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Tel. (49 221) 20 98-365
Fax (49 221) 20 98-114
E-mail: info@k.cdg.de
Homepage adress: <http://www.cdg.de>
Personne à contacter/Contact person:
Frau Uta-M. Behnisch
Frau Monique Nijsten
Volet I.1.2.a,b,c — II.1.2.c — III.1.b — III.3.b

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E-mail: leonardo@mail.interpac.be
Personne à contacter/Contact person: Mr G. De Smet
Volet III.2.a: Mr Denis Gard
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Zentralstelle für Arbeitsvermittlung (ZAV)
Auslandsabteilung
Feuerbachstraße 42—46
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Personne à contacter/Contact person: Frau Birgit Kowalewski
Volet I.1.2.b

COMMUNAUTÉ GERMANOPHONE

Ministerium der deutschsprachigen Gemeinschaft
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Personne à contacter/Contact person: Mr Edgar Hungs

Arbeitsgemeinschaft industrieller Forschungsvereinigungen
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ALLEMAGNE/GERMANY

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ANNEX II

ELIGIBILITY RULES CONCERNING PROJECTS INVOLVING AN ORGANIZATION FROM A FULLY PARTICIPATING PRE-ACCESSION COUNTRY

Legal basis: Paragraph 3 in annex of the Association Council Decision, opening up the Leonardo da Vinci programme to the Czech Republic, Hungary and Romania and Article 4 of the Decision concerning Cyprus states that:

'To ensure the Community dimension of the programmes, transnational projects and activities proposed by the Czech Republic, Cyprus, Hungary, Romania will be required to include a minimum number of partners from the Member States of the Community'.

'Projects and activities carried out solely between the Czech Republic, Cyprus, Hungary, Romania and EFTA/EEA States or any other third countries, including those with an association agreement with the Community, to which the participation in the programmes is open, are not eligible for Community financial support.'

Eligibility rule: Consequently, as a general rule, pilot projects and surveys and analyses must include participants from at least three countries, among them at least one European Union country and placements and exchange projects must include at least one country from the European Union in order to be eligible. However, priority within the selection procedure will be given to transnational projects in which at least half of the countries participating are Member States of the European Union.

Obviously the general condition for submitting proposals of having one or more partners from at least three participating countries has to be followed, with the exception of placements and exchanges under strand I (measure I.1.2) and the measures in strand III.1 where partnerships from only two countries can be considered as eligible.

Organizations from participating pre-accession countries can take part fully in pilot projects and placements and exchanges as contractors/promoters, coordinators or partners.

Ineligible partnerships: This means that a project with partners solely from the participating pre-accession countries is not eligible. Accordingly, a project with partners from pre-accession countries in cooperation solely with partners from EFTA/EEA States (Iceland, Norway and Liechtenstein) is not eligible, nor a project only including partners from EFTA/EEA countries.

Examples:

	Eligible partnerships		Ineligible partnerships	
Pilot projects, all strands	CY, D, CZ, N		ISL, CZ, HU, FL	
placements and exchanges, strands II and III	HU, FIN, RO		RO, CY, CZ	
surveys and analyses	F, CY (only measure III.1.a)		N, FL, ISL	
Placements and exchanges, strand I	Sending	Receiving	Sending	Receiving
	CZ	DE	CZ	ISL
	HU	UK, ISL	HU	CZ
	RO	E, HU	RO	NO, CZ
	DE	CZ	NO	CY
	FR	HU, NO	ISL	RO, NO
	IT	CY, E	CZ	RO, ISL
	NO	RO, IRL	RO	HU
	CZ	HU, DE		

Outcome of the invitation to tender (Community food aid)

(97/C 372/13)

as provided for in Article 9 (5) of Commission Regulation (EEC) No 2200/87 of 8 July 1987 laying down general rules for the mobilization in the Community of products to be supplied as Community food aid

(Official Journal of the European Communities L 204, 25 July 1987, page 1)

24 November to 2 December 1997

Regulation No/ Decision	Lot	Action No	Recipient	Product	Quantity (tonnes)	Delivery	Successful tenderer	Awarded price (ECU/t)
2222/97	A	456 + 457/96	Euroaid/. . .	LEPv	120	EMB	DMK — Hamburg (D)	1 496,00
2232/97	A	458/96	Euroaid/Ecuador	HCOJA	120	EMB	Cebag — Antwerp (B)	766,84
	B	447/96	WFP/Malawi	HCOLZ	61	DEST	Mutual Aid — Antwerp (B)	1 125,62
2271/97	A	492 + 493 + 504/96	Euroaid/. . .	LEPv	150	EMB	DMK — Hamburg (D)	1 514,00
2272/97	A	496 + 497 + 505/96	Euroaid/. . .	SUB	126	EMB	Zuckerhandelsunion — Berlin (D)	322,50
	B	471/96	Euroaid/Ecuador	SUB	306	EMB	Mutual Aid — Antwerp (B)	321,58
	C	64-66/97	CICR/. . .	SUB	220	DEST	Mutual Aid — Antwerp (B)	552,32
2281/97	A	494 + 495/96	Euroaid/Madagascar	HCOLZ	105	EMB	Cebag — Antwerp (B)	793,66
	B	56-59/97	CICR/. . .	HCOLZ	262	DEST	Mutual Aid — Antwerp (B)	978,80
2282/97	A	468/96	Euroaid/Madagascar	CBR/M/L	1 080	EMB	Eurico Italia — Vercelli (I)	223,98
	B	498 + 499/96	Euroaid/Madagascar	FHAF	60	EMB	Produkten Transit Handelsges. — Elmshorn (D)	362,75
	C	489-491/96	Euroaid/. . .	FBLT	240	EMB	UBEMI — Antwerp (B)	192,95
	D	60-62/97	CICR/. . .	FBLT	645	DEST	Grandi Molini — Rovigo (I)	336,25
	E	63/97	CICR/Georgia	FMAI	90	DEST	Grandi Molini — Rovigo (I)	319,15
	F	500/96	WFP/Yemen	DUR	8 137	DEB	Cie. Cont. France — Labege Cedex (F)	279,94

BLT: Common wheat
 FBLT: Common wheat flour
 CBL: Long grain milled rice
 CBM: Medium grain milled rice
 CBR: Round grain milled rice
 BRI: Broken rice
 FHAF: Oat flakes
 FROf: Processed cheese
 WSB: Wheat soya blend
 SUB: Sugar
 ORG: Barley
 SOR: Sorghum
 DUR: Durum wheat
 GDUR: Durum wheat groats
 MAI: Maize
 FMAI: Maize flour

B: Butter
 GMAI: Maize groats
 SMAI: Maize meal
 LENP: Whole milk powder
 LDEP: Semi-skimmed milk powder
 LEP: Skimmed-milk powder
 LEPv: Vitaminized skimmed-milk powder
 CT: Tomato concentrate
 CM: Tinmeat mackerel
 BISC: High protein biscuits
 BO: Butteroil
 HOLI: Olive oil
 HCOLZ: Refined rape or colza oil
 HPALM: Semi-refined palm oil
 HSOJA: Refined soya-bean oil
 HTOUR: Refined sunflower oil

BPJ: Beef in its own juice
 CB: Corned beef
 COR: Currants
 BABYF: Babyfood
 LHE: High-energy milk
 Lsub1: Infant milk
 Lsub2: Follow-on milk
 PAL: Pasta
 PISUM: Split peas
 FEQ: Horse beans (*Vicia faba equina*)
 FABA: Broad beans (*Vicia faba major*)
 SAR: Sardines
 DEB: Free at port of landing, landed
 DEN: Free at port of landing — ex ship
 EMB: Free at port of shipment
 DEST: Free at destination