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Information and Notices

Notice No — Contents — Page

(1) Text with EEA relevance

I

(Information)

COMMISSION

Euro exchange rates [1]

8 March 1999

(1999/C 66/01)

1 euro	=	7,4322	Danish krone
	=	321,9	Greek drachma
	=	8,948	Swedish krona
	=	0,6776	Pound sterling
	=	1,0908	United States dollar
	=	1,6527	Canadian dollar
	=	132,77	Japanese yen
	=	1,5933	Swiss franc
	=	8,5785	Norwegian krone
	=	78,8	Icelandic króna [2]
	=	1,7348	Australian dollar
	=	2,0413	New Zealand dollar
	=	6,71193	South African rand [2]

[1] *Source:* reference exchange rate published by the ECB.

[2] *Source:* Commission.

LIST OF DOCUMENTS FORWARDED BY THE COMMISSION TO THE COUNCIL DURING THE PERIOD 22.2. TO 26.2.1999

(1999/C 66/02)

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(1999) 79	CB-CO-99-076-EN-C	Proposal for a Council Regulation (EC) concerning the conclusion of an Agreement in the form of an Exchange of Letters amending the Agreement in the form of an Exchange of Letters between the European Community and Romania on the reciprocal establishment of tariff quotas for certain wines, and amending Regulation (EC) No 933/95 opening and providing for the administration of Community tariff quotas for certain wines	23.2.1999	23.2.1999	12
COM(1999) 83	CB-CO-99-081-EN-C	Proposal for a Council Regulation (EC) amending Regulation (EEC) No 1442/88 on the granting, for the 1988/89 to 1998/99 wine years, of permanent abandonment premiums in respect of wine-growing areas (²)	23.2.1999	23.2.1999	6
COM(1999) 77	CB-CO-99-077-EN-C	Proposal for a Council Regulation (EC) concerning the conclusion of an Agreement in the form of an Exchange of Letters amending the Agreement in the form of an Exchange of Letters between the European Community and Bulgaria on the reciprocal establishment of tariff quotas for certain wines, and amending Regulation (EC) No 933/95 opening and providing for the administration of Community tariff quotas for certain wines	23.2.1999	24.2.1999	2
COM(1999) 84	CB-CO-99-086-EN-C	Proposal for a Council Decision concerning the Community position within the Association Council on the association of the Republic of Bulgaria to Community programmes in the field of research, technological development and demonstration (1998-2002) and to programmes for research and training activities (1998-2002)	24.2.1999	25.2.1999	68
		Proposal for a Council Decision concerning the Community position within the Association Council on the association of Romania to Community programmes in the field of research, technological development and demonstration (1998-2002) and to programmes for research and training activities (1998-2002)			
		Proposal for a Council Decision concerning the Community position within the Association Council on the association of the Slovak Republic to Community programmes in the field of research, technological development and demonstration (1998-2002) and to programmes for research and training activities (1998-2002)			

Code	Catalogue No	Title	Date adopted by the Commission	Date forwarded to the Council	Number of pages
COM(1999) 85	CB-CO-98-087-EN-C	Proposal for a Council Regulation (EC) on the application of specific measures for the import of grape juice and must originating in Cyprus	24.2.1999	25.2.1999	6
COM(1999) 35	CB-CO-99-048-EN-C	Proposal for a Council Regulation (EC) on the distribution of permits for heavy goods vehicles travelling in Switzerland (2)	27.1.1999	26.2.1999	18
COM(1999) 86	CB-CO-99-090-EN-C	Proposal for a Council Regulation (EC) amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (drilling platforms)	25.2.1999	26.2.1999	6
COM(1999) 87	CB-CO-99-091-EN-C	Proposal for a Council Regulation (EC) amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (Chapter 27)	25.2.1999	26.2.1999	6
COM(1999) 88	CB-CO-99-088-EN-C	Report from the Commission to the Council and the European Parliament — Results of the third phase of SLIM and follow-up of the implementation of the recommendations of the first and second phases	25.2.1999	26.2.1999	30

(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.

Authorisation for State aid pursuant to Articles 92 and 93 of the EC Treaty

Cases where the Commission raises no objections

(1999/C 66/03)

(Text with EEA relevance)

Date of adoption: 18.12.1998

Member State: Belgium (Brussels)

Aid No: N 248/98

Title: Konver Brussels — SABCA projects

Objective: Training aid

Legal basis: Konver Bruxelles-Capitale

Budget: ECU 0,625 million

Aid intensity: 50 % of total eligible cost

Duration: 1998 to 1999

Date of adoption: 22.12.1998

Member State: Italy

Aid No: N 810/97

Title: Increase in the budget for and extension to the tourism sector of the aid scheme introduced by Law 488/92 (Italy's main regional aid scheme)

Objective: Extension of the regional aid scheme to the tourism sector

Legal basis: Decreto del ministro dell'industria recante 'Estensione delle agevolazioni di cui alla legge 488/92 alle imprese operanti nel settore turistico-alberghiero ai sensi dell'articolo 9, comma 1, della legge 27.12.1997, n. 449'

Budget: ITL 9 000 billion (± ECU 4 640 million)

Aid intensity:

- Areas eligible for the Article 92(3)(a) derogation
  - A areas: 50 % nge, SMEs qualify for a supplement of 15 % gge
  - B areas: 40 % nge, SMEs qualify for a supplement of 15 % gge
- Areas eligible for the Article 92(3)(c) derogation
  - 10 % nge for large firms,
  - 15 % nge for medium-sized firms and
  - 20 % nge for small firms
- Molise
  - From 1 January 1997, 40 % nge for SMEs and 30 % nge for other firms
  - From 1 January 1999, 30 % nge for SMEs and 25 % nge for other firms
- Abruzzi
  - 30 % nge for SMEs and 25 % nge for other firms
- Objective 2 and 5 (b) areas not eligible for regional aid
  - 15 % gge for small firms and 7,5 % gge for medium-sized firms

Duration: Until 31.12.1999 for the regional component

Date of adoption: 22.12.1998

Member State: Portugal

Aid No: NN 100/98 (ex N 393/98)

Title: Aid scheme for the modernisation of companies (SIRME)

Objective: Restructuring companies in financial difficulties

Legal basis: Despacho ministerial

Budget: ECU 67,5 million

Aid intensity: Variable

Duration: Until end-1999

Conditions: Annual implementation report. Notification of individual cases where aid is granted to large companies, or to companies operating in sectors governed by specific Community State aid rules

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Date of adoption: 11.1.1999

Member State: Spain (Castile-Leon)

Aid No: N 534/98

Title: Employment aid

Objective: Net job creation

Legal basis: Orden de la Consejería de Industria, Comercio y Turismo por la que se convocan subvenciones en programas de fomento de empleo del Nuevo Plan Regional de Empleo de Castilla y León relativos a nuevas contrataciones por organización flexible del tiempo de trabajo

Budget: ESP 225 million (about EUR 1,35 million)

Aid intensity: Between 23 % gge and 13,66 % gge of gross wages over two years

Duration: Until 30.9.1999

Date of adoption: 20.1.1999

Member State: Spain (Andalusia)

Aid No: N 546/98

Title: State aid scheme to promote cooperative working: investment aid and employment aid linked to investment

Objective: Regional development

Legal basis:

— Proyecto de Decreto por el que se establecen los programas de promoción de la economía social

— Proyecto de Orden por la que se desarrollan los programas de promoción de la economía social

Budget: ESP 5 920 million (about EUR 35,5 million)

Aid intensity: Between 13,95 % gge and 50 % gge, depending on type of aid

Duration: Until 31.12.1999

Date of adoption: 20.1.1999

Member State: Spain (Cantabria)

Aid No: NN 28/97

Title: SETRA SA

Objective: Automotive (manufacture of coaches)

Aid intensity: Measure not constituting an aid

Conditions: The Commission, having been informed that SETRA SA, in suspension of payments, had benefited from a loan of ESP 125 million from Sodercan (Sociedad para el Desarrollo Regional de Cantabria) registered the case as a non-notified aid. It then asked the Spanish authorities about the conditions of the loan and was satisfied that it did not constitute State aid. The Commission was also satisfied that Evobus Ibérica SA, the company that acquired most of Setra SA's previous installations, did not obtain State aid

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Date of adoption: 20.1.1999

Member State: Portugal (Região Norte)

Aid No: NN 112/98 (ex N 411/98)

Title: Oliveira (Manuel Rodrigues d'Oliveira e Sá & Filhos, SA)

Objective: Rope and net manufacture

Legal basis: Sindepedid — Regime de Apoio à Realização de Estratégias Empresariais Integradas

Budget: EUR 1 069 784

Aid intensity: Approximately 29,7 % (gross)

Duration: January 1994 to December 1996

Date of adoption: 15.2.1999

Member State: France (Steel-producing areas, areas affected by the Defence Ministry restructuring and the Creil and Béziers labour market areas)

Aid No: N 475/98

Title: Extension of the SODIE assistance areas

Objective: Redevelopment of the relevant employment areas

Budget: Last grant: FRF 220 million (EUR 30,5 million) for 1995

Aid intensity: Maximum 2 % net grant equivalent

Duration: 31 December 1999

Conditions: Annual implementation report

Communication from the Commission to the Council concerning the employment aspects of the decision to abolish tax- and duty-free sales for intra-Community travellers

(1999/C 66/04)

INTRODUCTION

The European Council in Vienna (11 and 12 December 1998), 'with regard to the decision of 1991 on tax-free sales for intra-Community travellers' asked 'the Commission and the Council (Ecofin) to examine by March 1999 the problems which could arise with regard to employment and to address on the basis of proposals from the Commission possible means of tackling these problems, including the possibility of a limited extension of the transitional arrangements) ([1])'.

In response to the European Council's request, the Communication proposes ways to tackle the problems which the abolition of intra-EU duty-free sales ([2]) could create especially as regards possible job losses. It does so in the context of the EU strategy on employment. The Commission notes that a consistent policy to make national tax systems more employment-friendly is now a declared objective of Member States. This objective was recently reaffirmed by the Vienna European Council itself.

The duty-free regime cannot be considered in isolation. Its existence impacts on employment not only in that sector, but across the economy as a whole, because it distorts competition between retailers and between modes of transport. Indeed, duty-free can be seen as a test case of the credibility of the EU's determination to use tax coordination to fight harmful tax competition and hidden subsidies which put pressure on labour costs, and so reduce job creation.

This Communication, in keeping with the Vienna mandate, looks chiefly at ways of dealing with potential employment problems related to the abolition of duty-free sales, including the possibility of a limited extension. On the basis of this analysis, the Commission considers that the abolition of duty-free sales will not have a significant lasting negative impact on employment overall. On the contrary, as with the phasing out of any distorting subsidy, short-term negative effects on employment are expected to be more than offset by long-term effects on job creation.

([1]) Point 24 of the Conclusions of the European Council.

([2]) In the remainder of the document, the term 'duty-free sales' covers both tax- and duty-free sales.

1. WHY WERE THE 1991 AND 1992 COUNCIL DECISIONS TAKEN?

The creation of the Single Market meant the elimination of fiscal frontiers, so notions of importing and exporting disappeared within the EU. As a result, EU citizens can buy goods in the Member State of their choice and pay tax on them only at the point of purchase. Despite universal recognition for the huge benefits of the Single Market, it was realised that in the short term the elimination of fiscal frontiers might harm certain sectors.

The Council therefore took specific measures to help those sectors to adapt:

— it established a trainig programme to help national administrations ([3]) reorganise their customs operations and to exchange officials (the Matthaeus programme);

— it launched a ECU 30 million action programme ([4]) designed to retrain and re-employ customs agents and allowed Member States to use Community structural funds (European Social Fund and Interreg I) to introduce accompanying measures; 63 000 customs agents have been helped through these schemes;

— it established, though decisions in 1991 (VAT) and 1992 (excise duties), a transitional regime ([5]) until 30 June 1999 to allow duty-free shops to continue selling a set allowance of goods exempt from VAT and/or excise duties to be controlled by the vendor. This regime enabled operators of duty-free shopping facilities to prepare for and adapt to an internal market without fiscal frontiers.

([3]) Commission Decision No 94/844/EEC.

([4]) Council Regulation (EEC) No 3904/92.

([5]) Council Directive 91/680/EEC and Council Directive 92/12/EEC.

2. WHAT DID THE SINGLE MARKET MEAN TO THE DUTY-FREE SECTOR?

The creation of the Single Market and the abolition of fiscal frontiers took away the possibility for all retailers to exempt or reimburse tax paid in one Member State when goods were exported to another Member State.

But to limit the effect of this decision on certain retailers, the Council, as a transitional measure, allowed Member States ([6]) to exempt from VAT and/or excise duties goods bought by people travelling within the EU on board ferries, on aircraft, or at airports (the Channel Tunnel Terminals were added later). All Member States (Germany and Luxembourg however with some limitations) adopted this measure. There are no duty-free sales on trains or coaches within the EU. It should be noted that goods can only be sold duty-free up to a certain value or quantity ([7]). Very often customers are not aware that there is no duty-free on big ticket items (anything over EUR 90 for example).

At Council level, a political agreement was reached on minimum standards of control to be observed by Member States ([8]). A report by the Commission, reviewing this new control system ([9]) showed that the systems put into place did not in all cases guarantee that the limits for the tax exemption are respected.

3. CHARACTERISTICS OF THE DUTY-FREE SECTOR

In general, duty-free shops benefit from attractive locations and a relatively captive market, thus enjoying a natural competitive advantage. The tax exemption adds an important element of further, artificial competitive advantage over other retailers and other transport operators (by land or rail) selling goods on which tax is paid. Duty-free thus distorts competition not only between traders, but especially between modes of transport.

The tax exemption enjoyed by duty-free shops enables them to apply higher mark-ups than is otherwise practised by the retail sector. Various price comparison surveys ([10]) show that, to the travelling consumer, the price advantage is often relatively small or even non existent. According to surveys, duty-free prices often exceed those of high street retailers. Even for excisable goods (alcohol and tobacco) where the level of the excise higher than VAT in the majority of cases, represents the highest potential for lower prices, the saving passed on to the consumer in most cases represents only a fraction of the tax exemption. This can be substantiated when comparing the before-tax price and the retail (after-tax) price. Thus the tax exemption in fact subsidises profits of duty-free firms more that it subsidises the demand for the products they sell. This must be kept in mind when considering the possible effects of the abolition.

4. THE DUTY-FREE SECTOR IN FIGURES ([11])

According to figures available from the duty-free industry, the total 1996 duty-free sales by EU duty-free shops situated at airports and on board aircraft and ferries amounted to EUR 5,8 billion, up from EUR 3,6 billion in 1991. Intra-EU duty-free activities represented 71 % of the total (EUR 4,1 billion) which is equivalent to 0,060 % of the 1996 EU GDP ([12]). The increase in sales clearly indicates that, during the transitional period given to operators of duty-free shopping facilities to enable them to adapt their activities, the industry has expanded its business.

Duty-free activities are typically grouped in three broad categories: airports, where intra-EU duty-free sales amounted to EUR 1,6 billion (39 %), ferries, with sales of EUR 2,1 billion (51 %), and airlines, with sales of EUR 0,4 billion (10 %).

Traditionally, the products sold by duty-free shops are grouped into four separate categories: wine and spirits, tobacco, fragrances and cosmetics and miscellaneous. Looking at the figures from the duty-free sector regarding intra-EU duty-free sales, 'miscellaneous' with a turnover of EUR 1,2 billion accounted for 29 % of sales. With sales of EUR 1,1 billion, wines and spirits represented a share of 27 %. Sales of fragrances and

([6]) Artikel 28k of Directive 91/680/EEC and Article 28 of Directive 92/12/EEC respectively.

([7]) See Table 1 of Annex I.

([8]) Guidelines for the control of tax-free sales in the Community, agreed by the Council of Ministers on 14 December 1992.

([9]) The vendor control report (COM(96) 245 of 26 July 1996).

([10]) For example by the European Consumers Organisation (BEUC-study in 1994) and by the Commission (December 1998).

([11]) See Annex I.

([12]) It should be noted that this indicator overestimates the size of the sector since the sales (turnover) include the value of the input from other sectors to the duty-free business (i.e. the merchandise). The value added by-free activities can be estimated at around 0,02 % of GDP.

cosmetics and sales of tobacco each amounted to ECU 0,9 billion which is 22 % of sales for each group. In total, excisable products (i.e. alcohol and tobacco products) represented 49 % of total intra-EU duty-free sales.

The duty-free sector itself ([13]), based on 1996 figures, has estimated that duty-free shops and activities involve a total of 140 000 people. Since 70 % of sales are made on intra-EU voyages, it can be assumed that around 100 000 of these jobs are related to intra-EU duty-free activities. This is equivalent to 0,066 % of total EU employment in 1996.

As indicated in Annex I, sales per employee in the retail trade are EUR 146 000. However, sales per employee in the intra-EU duty-free sector are, based on the above figures, only EUR 41 000. This implies either that there are, in fact, less people employed in the duty-free sector or that the figure of 100 000 includes people not directly involved in sales activities.

It is difficult to allocate jobs per product category. Given that excisable products (spirits and tobacco) represent 49 % of total intra-EU duty-free sales ([14]), it is people working in this category who might be affected the most by the abolition. However, it is likely that fewer people are employed *pro rata* for sales of wines, spirits and tobacco than for sales of miscellaneous goods for which larger selling spaces exist and more sales assistance is needed.

5. WHAT IMPACT MIGHT THE 1991 AND 1992 COUNCIL DECISIONS HAVE ON EMPLOYMENT?

In order to examine the employment impact of the Council's decisions to abolish intra-EU duty-free sales, the framework of any potential employment impact must be properly established.

5.1. ACCORDING TO THE INDUSTRY

The duty-free industry estimates that, following the abolition of intra-EU duty-free sales, the direct impact on employment is 50 000 affected jobs. When including the potential indirect impact on employment, the sector estimates that as much as 140 000 jobs might be affected ([15]). This would be the result of lower sales and lower profits, forcing transport prices higher, dampening demand and leading to job losses in the transport sector. Ultimately that could have adverse effects on intermediate or capital products (e.g. shipyards).

The aggregate estimates are based on industry-commissioned studies that make use of different methods and assumptions. These estimates are arrived at by adding up the country specific figures, which include all possible negative factors, while disregarding positive employment effects taking place in duty-paid retail outlets. Independent studies ([16]) indicate that this methodology overestimates the figures for jobs affected.

5.2. ACCORDING TO MEMBER STATES

National studies carried out by five Member States confirm that the obligation of intra-EU duty-free sales would not impact on employment levels overall ([17]). According to these studies, the impact on employment is likely to be of a specific and local nature, mainly in the maritime sector.

([13]) The European Travel Research Foundation (EFRF). The organisation was created in 1995 by the duty-free industry. It has 30 members representing duty-free shop operators and producers and distributors of products for the duty-free market.

([14]) See Table 4 of Annex I.

([15]) International Duty Free Confederation (IDFC) and Association Francaise de Commerce Hors-Taxes (AFCOHT); *Contribution of Duty-Tax-Free Sales to the EU and its citizens,* September 1997.

([16]) A study carried out by Institut für Wirtschaft of Munich on the European Internal Market and the system of duty-free arrangements (IFO Financial Policy Studies 68, 1998) considered that in most of the studies conducted by or on behalf of the duty-free sector, the employment impact had been overestimated.

([17]) Denmark: Report on the assessment of the consequences of ending duty-free trade for visitors between Denmark and EU countries 1 July 1999, December 1997, the Ministry of Taxation.

France: Report to the Prime Minister on the abolition of duty-free sales in Europe: Impact and proposals, 23 July 1998, drafted by Mr André Capet, Deputy for the Pas-de-Calais (France).

Ireland: Report on the impact of abolition of Duty Free and Tax Free sales for EU travel in 1999, March 1998, KMPG Management Consulting in association with Fitzpatrick Associates and MDS Transmodal, commissioned by the Department of Finance.

Sweden: Report on the consequences of the phasing out of tax-free selling in the EU (Government Official Report), 25 March 1998, the Ministry of Transport and Communications.

United Kingdom: Study into the economic consequences of abolition of duty free allowances within the EU, 1998, the Department of the Environment, Transport and the Regions.

To explore this further, the Commission asked Member States to provide any information that would help identifying the scale and scope of local employment problems. It has received information from the national administrations of all Member States ([18]) corroborating the view that there would not be an overall impact on employment following the abolition of intra-EU duty-free sales.

5.3. EVALUATION

Firstly, it should not be forgotten that the abolition, on 30 June 1999, only applies to intra-EU duty-free sales, and travellers departing to third country destinations will still be entitled to make duty-free purchases.

Equally, the abolition of duty-free sales will not affect EC provisions concerning ship stores, which allow Member States to exempt from VAT and excise duties supplies of goods for consumption on board. This is particularly important in the case of cruise lines.

Employment in the duty-free sector consists primarily of jobs in the transport or related industries which only partly depend on duty-free sales. The growing demand for transport services is not likely to be significantly affected by the abolition of duty-free, since most people travel because they need to. It is only in the maritime sector where, in addition to genuine travellers, there also exists a category of people who travel to purchase. However, even the one-day ferry excursions are often not solely purchased for duty-free reasons, but in order to shop in Member States with lower excise duties.

Moreover, it must not be forgotten that duty-free sales often enjoy economies of scope, i.e. the same worker is allocated both to normal transport related activities and to selling duty-free products, and in fact in serveral instances, like in the case of flight attendants, safety regulations and not sales productivity determine their numbers. For most travellers the possibility of duty-free purchases is only an additional attraction. While waiting at the airport or spending time on the ferry, shopping is one of the prime ways to pass the time, and that is likely to be the case even after the abolition of duty-free sales.

([18]) See Annex II.

This in confirmed by the experience of US airports, where duty-free sales have never been allowed for internal flights and where nevertheless there is a huge and growing market. This is confirmed by the expansion of ordinary shopping malls in airports, as the result of a growing demand from travellers, which have attracted international investments, including from European duty-free operators.

For all these reasons shopping will continue to exist after the abolition of duty-free sales and sales assistants, shelf-stockers, etc. will still be needed. For many products sold in duty-free shops the unique selling position of the outlets must be considered a factor, the difference between some prices duty-free and tax paid is often very small. This supports the idea that the reason for travellers' purchases is not necessarily the price advantage but to a large extent the comparatively favourable location of duty-free shops or the attraction of the product itself (for exemple smokers will not quit just because they will no longer be able to buy their cigarettes duty-free). Consequently, a sizeable impact on the aggregate sales of the goods concerned is not to be expected, since the total final demand will be simply re-oriented to normal outlets without decreasing in total ([19]). It is therefore unlikely that the abolition will have sizeable negative employment effects on the production side even in the short term.

It is however acknowledged that some specific ferry lines might be affected. It is clear that ferry services depend more heavily on revenues from duty-free sales than airports and airlines. The information available to the Commission seems to indicate that a number of ferry services might be reduced or closed following the abolition of duty-free sales. Examples include the connection all the year around between two Interreg-regions in the northern part of the Gulf of Bothnia, certain short-distance services between Germany and Denmark and at the least one service between Ireland and France. For these three specific examples, the direct employment loss can be estimated at up to 100 jobs. Whilst this suggests that there could be significant effects elsewhere in the ferry sector, the total effect on the sector as a whole is, however, likely to be more limited because the frequency of a majority of ferry services will not be substantially affected by the abolition of duty-free sales.

([19]) It is true that demand for these goods has been steadily falling while their after-tax prices increased over the last two decades. Still, high excise duties only explain a marginal part of the trend. Changes in social habits and tastes, as well as health considerations have been the major driving forces reducing the demand for wines, spirits and tobacco.

Conversely, the employment reduction in duty-free outlets would be compensated by a corresponding increase in ordinary shops, whose organisations have complained to the Commission about the present distortion of competition.

The Commission has calculated that in 1996 the duty-free regime could have cost Member States up to EUR 2 billion in lost tax revenue. Taking into account the difficulty of calculating the real excise duty at stake, even on the most conservative estimate the lost revenue in 1996 would have been at least EUR 1 billion. This lost revenue would of course be higher today. It is effectively the European tax-payer who finances the duty-free exemption. If this money were instead used to reduce the generally applied levels of indirect taxation, consumption would increase and a net creation of new jobs could be expected.

In this context, the Commission is submitting to the Council a proposal on the possibility of an experimental application of reduced VAT rates to labour intensive services. This is an instrument to convey in support of employment the tax receipts deriving from the abolition of duty-free sales.

This positive effect would be even more significant if such revenues were used to finance a reduction in social security contributions targeted at relatively unskilled and low-paid workers, in accordance with the proposed Employment Guidelines for 1999 ([20]). The phasing out of duty-free sales could thus lead in the longer term to net job creation if the revenue were used to reduce the tax burden on labour. Previous experience and published simulations by the Commission departments show that targeted reductions of non-wage labour costs in the order of EUR 1 billion could lead to a net creation of the order of 20 000 new jobs ([21]).

Alternatively, Member States could use this amount to consolidate public finances, as reiterated by the Council in the Stability and Growth Pact and in the Broad Economic Policy Guidelines.

It is clearly a matter for individual Member States to decide which of these courses to follow. However, in the long term, the combination of these effects — movement of demand from duty-free shops to high street shops, change from a tax exemption to a reduction in non-wage labour costs, consolidation of public finances — would outweigh the short term job losses.

In conclusion, the analysis suggests that unemployment effects will be time-limited and confined to specific geographical and economic sectors, while in the medium term net employment gains can be expected.

6. **POLICY ACTION**

6.1. EXTENSION OF THE TRANSITIONAL PERIOD

An extension of the transitional period, allowing intra-Community duty-free sales to continue beyond 30 June 1999, could take several forms: an extension for a period of time to be determined, or limited to certain sectors, or limited to certain products. Certain general considerations apply to all these variants.

The extension of duty-free would prolong discrimination between comparable transport modes (i.e. air, sea and rail links between Member States without intermediary calls). Only air and sea transport benefit from the duty-free arrangements, rail transport is excluded from the scheme, while road transport has no access to it.

There is a genuine risk that operators who are adversely affected by distortion of competiton caused by duty-free sales would challenge before the Courts the validity of any extension of duty-free. The recent Eurotunnel case ([22]) clearly demonstrated that operators may well challenge the validity of EC provisions before the European Court of Justice, in particular in the framework of an Article 177 preliminary ruling. Bodies with vested interests have already expressed their intention to challenge before the Court any prolongation of the duty-free regime.

Any new proposal by the Commission would need to take into account the State aid rules. Allowing sales of goods without imposing the VAT and excise duty normally due constitutes an economic advantage to the beneficiary of this privilege which, in the case of duty-free, would include professional operators, and

([20]) Proposal for a Council Resolution on the 1999 Employment Guidelines, 18 January 1999.

([21]) OECD (1997) Taxation and Economic Performance. European Commission (1994) European Economy No 56.

([22]) Judgement of 11 November 1997, Case C-408/95.

transport enterprises. The duty-free privilege could therefore be considered as an operating aid which the Commission would have to evaluate according to the Treaty.

There is a risk that any extension would be inconsistent with EU policy in other areas, e.g. health policy by encouraging access to low-priced tobacco and alcohol. It should be noted that in terms of turnover generated by duty-free sales, alcohol and tobacco account for about one half.

Finally, options for an extension share another important characteristic. Insofar as they constitute a prorogation of a transitional period set by a Council decision, they have an influence on any provision of Community legislation based on the credibility of transitional periods. Within the specific taxation domain, the credibility of important elements of the Community policy, addressed, among other objectives, to the orientation of taxation system in a more employment friendly way, would be put at risk. In the specific case of the code of conduct on business taxation, whose mechanism hinges on a political commitment of Member States to roll back within a set limit of time on the measures deemed as harmful by the Council, the further prorogation of a much longer implementation period of more than seven years set in a legally binding way through a Directive would undermine the whole engagement.

In addition to the above, specific considerations apply to the different forms that might be taken by an extension of the transitional period.

1. **A time-limited extension**

One possible option could be to allow duty-free sales to be maintained for a time limited period. In the short term (a period of six months or a year has been mentioned), extension would have no real and persistent impact on emloyment because it would not, by definition, enable effects to be spred over time.

A further extension risks sending confusing signals to the duty-free industry. Believing that yet further extensions may be subsequently possible, operators could delay making the necessary adjustments. In the longer-term, this could exacerbate any employment problem. The evidence of the last seven years suggests that, for perfectly justifiable commercial reasons, the operators in the strongest position would seek to develop the market to increase profits, while those facing difficulties could be tempted to postpone inevitable structural adjustments.

Furthermore, this option would only address possible sectoral employment difficulties if the duty-free industry uses it to truly prepare for the abolition. If not, this would lead to an aggravation of some of the structural problems of the sectors concerned.

2. **An extension limited both in time and to certain sectors (e.g. the ferries)**

Given their specific features, the different branches of the duty-free business are not equally affected by the abolition of duty-free sales in the Union. One possible option could therefore be to allow duty-free sales to be maintained, for a limited period, only by the ferry operators, since their business is more heavily dependent on duty-free sales than the airports and airlines. Whilst having the advantage of a more targeted, limited approach, this would however, by definition, constitute an even greater breach of the principle of equal treatment and would reinforce any differences in treatment between modes of transport.

Commission guidelines for state aid in the maritime sector already provide the framework for the support of ferry links by Member States. These guidelines are restrictive since they give consent to operating aid only in exceptional circumstances where services are subsidised within a public service contract. Member States must normally conclude open-tender contracts for links deemed essential. But, if a Member State were to consider that support were necessary to maintain essential links, these guidelines would have the advantage of transparency and would avoid the legal uncertainties inherent in the prolongation of duty-free exemptions.

In conclusion, whilst this second option would be more targeted, it would, in consequence, further aggravate the currently existing distortions. Moreover, it would only address possible sectoral employment difficulties if it were to be used to truly prepare for abolition and could also contribute to an aggravation of the sector's structural difficulties.

3. **A progressive introduction of excise duties (on alcohol and tobacco) and immediate application of VAT**

This option was put forward in a French study published in July 1998 ([23]). This approach suggests treating VAT and excise duties differently when abolishing duty-free sales. In the solution proposed, VAT would be applied from 1 July 1999 and excise duties phased-in in thirds until they reach the average European rate (for tobacco and alcohol). Between then and a future date, excise duties would be harmonised or, if harmonisation could not be achieved, raised by each Member State to its normal national rate. It is based on the assumption that the advantage for the consumers, in terms of VAT, is fairly limited, because only goods worth less than EUR 90 are exempted from VAT under the duty-free regime (e.g. there is no tax exemption for high priced luxury goods such as cameras).

The potential attraction of such an approach is that it will force the operators to make a gradual adaptation. However, technically it would be very difficult to implement not least because in the same fiscal territory there would be two separate rates.

([23]) Report to the Prime Minister on the abolition of duty-free sales in Europe: Impact and proposals, 23 July 1998, drafted by Mr André Capet, Deputy for the Pas-de-Calais (France).

Moreover this option would contradict the general principle laid down in Community excise legislation that only one rate may be applied within a Member State. If a first exception to this principle were made, it would give rise to pressure for applying reduced rates in other areas, especially in frontier regions. It would also mean that operators would incur increased administrative costs as a result of the gradual adaptation required.

Finally, this option does not resolve the problem of unequal treatment of comparable modes of transport nor are the benefits in terms of employment particularly obvious since the alcohol and tobacco sectors of duty-free sales are less labour-intensive.

A slight variant of this option would be to introduce VAT immediately as above, but to introduce excise duties in just one step at a later stage. This would be technically easier but does not have the attraction of the gradual approach. Moreover, it could implicity result in an unlimited extension of duty-free sales, as unanimity on rate harmonisation would be difficult if not impossible to reach.

6.2. ACTION TO TACKLE SPECIFIC EMPLOYMENT PROBLEMS

This approach has the great advantage of directly tackling the central problem raised by the European Council in Vienna, namely the possible effect on employment of the abolition of intra-EU duty-free sales. The Commission staff working paper of 20 November 1998 (SEC(98) 1994) sets out the general framework in which Community instruments can be employed in these circumstances.

1. **Within the framework of existing Community instruments**

Within this framework and under existing procedures, appropriate responses could be found to problems of a local or regional nature. Both the national studies and independent studies concluded that the abolition of duty-free sales would not have any marco-economic impact and that any impact at micro-economic level would be of a limited regional or local nature.

It would be coherent to pursue a solution that would fall within the framework of existing Community policy objectives to target any local, regional or social problems that Member States may identify.

— *Structural Funds*

As has been pointed out in the Commission working paper, the Structural Funds can help to alleviate economic and social problems that certain regions might encounter following the abolition. For example, the European Social Fund finances vocational training for persons threatend with unemployment anywhere in the Community (Objective 4). The current programming period for the Structural Funds expires at the end of 1999. Examination of the status at 1 January 1999 of financial programming for all the Structural Funds over the current period (1994-1999) suggests that Member States still have significant room for manoeuvre to cover measures that would help absorb possible consequences of abolition. Some of this could involve measures already planned under the programmes, but it is expected that there is also room for some reallocation of funds to additional activities specifically aimed at remedying the regional and local consequences of abolition ([24]).

To date, Member States have not requested any action to be taken. The Commission will nevertheless give favourable consideration to any request made before the end of this year by a Member State or region for measures of that nature to be included in programmes currently being implemented. Because the current programming period expires at the end of 1999, it should be emphasised that the decisions the Commission will have to make following such requests will also need to be taken before 31 December 1999.

The next programming period, which will run from 2000 to 2006, offers the advantage of allowing the Member States and regions concerned more time to propose structural measures to alleviate any economic and social difficulties arising at regional or local level. Measures of this nature could be proposed by way of generic assistance (the new Objectives 1, 2 and 3) and under the Interreg III initiative. Regions in which economic activity is heavily dependent on duty-free sales but which are not eligible for assistance under Objective 1 could be proposed by the national authorities for support under Objective 2.

— *Cohesion Fund*

As far as the Cohesion Fund is concerned, the Member States affected could target projects on port and airport infrastructures fulfilling the eligibility criteria of the Fund and in particular belonging to the TENs (Trans European Networks).

Within this framework, the Commission will give favourable consideration to any request made before the end of this year by a Member State or

([24]) See Annex III.

region for measures of this nature to be inluded in programmes currently being implemented. Since the current programming period will expire at the end of the year, the Commission must be able to decide on any such requests before 31 December 1999.

— *State aid*

As discussed above, Member States wishing to grant State aid in order to tackle local employment difficulties in the duty-free sector have to comply with the Community rules on State aid. However, special rules apply to aid for small and medium-sized enterprises, for employment and for regional development. In the transport sector, the attention of Member States has been drawn to Community guidelines on State aid to the maritime and air transport industries.

In conclusion, the Commission encourages Member States to apply for assistance under the Structural Funds or *ad hoc* initiatives (notably for SMEs), or for securing approval of State aid under the relevant guidelines laid down by the Commission.

2. **A specific Community measure**

To the extent that existing Community instruments do not provide an adequate basis to resolve the short term, specific problems identified, an additional possibility could be the creation of a new and separate measure to provide specific, targeted support, along similar lines to the 1992 Regulation on customs agents ([25]). The aim of such an instrument could be:

— to provide specific, targeted support to those areas particularly dependent on duty free sales in terms of both employment and income,

— to contribute to the conversion of the most heavily affected enterprises in the sector with a view to maintaining jobs through diversification (and creating alternative employment).

Any such proposal would need a clear assessment of the potential effectiveness and value-added of these measures, together with an identification of the scale of the problem and the target beneficiaries. It would also have to be in line with the new financial perspectives and comply with the relevant Community rules (e.g. State aids).

([25]) See Chapter 1 of this communication.

7. **CONCLUSIONS**

— The Commission's analysis, corroborated by the estimates supplied by Member States, is that the impact employment of the abolition of intra-EU duty-free sales is likely to be time limited and specific in terms both of localities and sectors affected with maritime activities (transport and harbour services) being potentially the most affected.

— On the other hand, analysis done by the Commission and confirmed by at least the only Member State who developed such an approach is that the result of revenue recycling and sales re-location can well, in the medium term, lead to a net creation of jobs.

— The Commission gives the highest priority to job promotion. It considers that the effects on other sectors (in particular, other modes of transport and ordinary retail) should also be taken into account. In addition, the Commission believes that job promotion should be pursued through several coherent policy measures, including those — stressed by the European Council — aimed at making tax systems more employment-friendly by countering harmful tax competition.

— The Commission therefore considers that an extension of the duty-free arrangements would not efficiently address the type of limited and specific employment problems it has identified. It is too broad an instrument and it would also be relatively costly given the limited employment impact of abolition on the European economy. Moreover, experience has shown that the continuation of duty-free arrangements does not encourage commercial operators to prepare for a new situation.

— To meet the limited and specific employment effects that might arise, the Commission considers that the appropriate response is to use existing Community instruments described above. It therefore urges Member States to exploit fully all possibilities offered within the current EC framework for Structural Funds and in the future framework (2000-2006) submitting specific funding proposals.

— In addition, and if the Council deems it appropriate, there is room for developing a new measure to answer the limited and specific employment problems identified, in the form of a specially tailored Community financial measure on which the Commission would be ready to submit a proposal should the Council request it.

ANNEX I

Table 1: Travellers' allowances applicable within EU travel

Alcoholic beverages	Tobacco products	Perfume and toilet water	Other goods
1 litre of spirits or strong liqueurs over 22 % by volume; or 2 litres of spirits with an alcoholic strength of not more than 22 % by volume; or 2 litres of fortified wine and sparkling wines; and 2 litres of still wine	200 cigarettes; or 100 cigarillos; or 50 cigars; or 250 g of smoking tobacco	500 g of perfume; and 250 ml of toilet water	Total value of EUR 90 (1)

(1) This value was increased from EUR 45 to EUR 90 from 1 April 1994.

Table 2: Turnover generated by duty-free sales according to the duty-free sector

(EUR million)

	1991	1992	1993	1994	1995	1996
Total duty-free sales	3,6	3,9	4,5	4,7	5,4	5,8
EU duty-free sales	—		—	—	3,7	4,1

Source: European Travel Research Foundation (1).
(1) See footnote 13.

Table 3: Turnover by the retail sector in general and the duty free sector in particular

	1993/95
Retail sector in total (EUR billion) (1)	1 361,1
Duty-free sector (EUR billion)	4,1
Duty-free sales as % of total retail	0,3
Retail trade, Sales per employee (EUR 1 000) (1)	146
Duty-free, sales per 'job supported by duty-free' (EUR 1 000)	41
Duty-free sales as % of GDP	0,07

Source: The Commission on the basis of Eurostat: Retailing in the European Economic Area 1997.
(1) Excluding motor trade.

Table 4: Turnover by product group

Intra-EU sales	in EUR billion	% of total
Alcohol (spirits and wine)	1,1	27
Tobacco	0,9	22
Fragrances and cosmetics	0,9	22
Miscellaneous	1,2	29

Source: European Travel Research Foundation [1].
[1] See footnote 13.

ANNEX II

Data concerning employment provided by Member States

In January 1999, Member States replied to the Commission's request to provide information on the foreseeable employment effects of implementing the Council's decision to abolish intra-EU duty-free sales. They did so in different ways, under different basic hypotheses. As a result, the data set is not completely comparable, although it does give a general picture.

From this data, it is evident that the level of detail in the information varies from Member State to Member State. Some national administrations have not been able to provide substantiated figures on the possible employment effects.

However, as an indicator, the information obtained from national administrations is useful when assessing the employment impact of the 1991 and 1992 Council decisions. It appears to corroborate the view that the employment impact is not of macroeconomic importance. The information shows that there are likely to be adjustment problems, but it should be possible to counter these problems using Structural Funds.

The figures provided by Member States show that for each of them, the impact of the abolition of intra-Community duty-free sales is very limited.

As a consequence of the various methods adopted by Member States to draw up this data, it is not possible to simply total the figures. Certain Member States chose to take into account indirect effects (through unspecified extrapolations for the impact on tourism etc.) while others looked at the duty-free sector in its entirety even though it would only be affected by the loss of the intra-Community part of these sales. Also, a few Member States included the net effect of revenue recycling. This latter aspect makes it even more difficult to compare the potential overall impact.

It should also be noted that certain Member States distanced themselves from the estimates because the analysis was carried out by the duty-free sales industry itself.

Finally, looking at the estimates as summarised below, it is clear that most national administrations expect only a small indirect impact on employment.

Belgium:

No estimate provided. However, the Belgian administration noted that the abolition of duty-free sales is likely to have an impact on employment.

(*Source*: Ministry of Finances)

Denmark:

1 800 jobs would be affected in the air and maritime sectors, but the tax income (some 1 billion Danish crone) arising from the abolition of the tax exemption currently applicable to these sales could make it possible to create 2 200 jobs. Denmark therefore mentions the creation of 400 jobs in the long term.

(*Source*: Report of the Ministry of Taxation — December 1997)

Germany:

— For the air sector: 1 350 jobs would be directly affected.

— For the maritime sector: 3 000 job losses would be in question from a total of 5 700 jobs in the sector.

(*Source*: Analysis based on sector studies carried out on behalf of the tax-free sale industry)

Greece:

The administration's overall analysis does not provide any estimate. However, they point out that significant employment consequences are possible owing to the rise in price of transport as well as a possible fall in tourism.

(*Source*: Study by KPMG Peat Marwick for the European Travel Research Foundation [1] — November 1997)

Spain:

An overall figure of 22 406 job losses is provided. A rise in the air transport charges, as well as a fall in tourism would result from the abolition of these sales.

(*Source*: Ministry of Finance)

France:

The analysis is essentially aimed at the maritime sector and various production sectors.

— Northern Regions — areas of Calais and Brittany: Maritime companies: 1 500 envisaged job losses. Ports: 600 affected jobs. Commercial sectors: 2 500 jobs;

— Region of Cognac (production and commercial): 2 500 jobs;

— Other alcoholic product production areas (production and commercial): 290 jobs;

— Perfume industry (production and commercial): 1 100 jobs;

— Other industries (production and commercial): 900 jobs.

(*Source*: Ministry for Economic Affairs, Finance and Industry — January 1999)

Ireland:

— For the air sector: 466 jobs at risk;

— For the maritime sector: 700 jobs at risk;

— Indirect employment losses (production, etc) were not considered;

— The budgetary impact of abolition is estimated at a revenue gain of between IEP 30 to 45 million.

(*Source*: KPMG Study, on behalf of the Department of Finance — March 1998)

(1) See footnote 13.

Italy:

Italy did not provide any estimate, but significant losses of employment are mentioned in the air sector in view of the important turnover from intra-Community links (66 % of sector turnover in 1998).

(*Source*: Specific survey by the Minister of Finance)

Luxembourg:

Only the air sector would be concerned: six short-term lays-off and four to six medium term lays-off are possible.

(*Source*: Ministry of Finance, based on information collected from the industry)

The Netherlands:

— For direct jobs, the Netherlands considers that job losses could be between 681 (industry estimate from the Benelux Duty-Free Association, July 1997) and 3 258 (industry estimate from ETRF [1], October 1998)

— For indirect jobs, job losses would range between 362 (the industry estimate of July 1997) and 681 (the industry estimate of October 1998). However, in view of the source of this information, the national administration advises a cautious approach to the estimates.

(*Source*: Ministry of Finance, based on estimates from the duty-free industry)

Austria:

The air sector would be concerned: 250 job losses from a total of 500 jobs in the sector.

(*Source*: Ministry of Finance)

Portugal:

The turnover of intra-EU duty-free sales represents almost 70 % of the total turnover. Taking a pessimistic view, the possible reduction of the activity in the duty-free sector could be around 57 %.

(*Source*: Ministry of Finances, based on the estimates of the duty-free industry)

Finland:

For the air sector: 100 job losses should be feared.

For the maritime sector:

— between 2 500 and 3 000 jobs would be in question on the Baltic. However, these jobs will depend upon the operators' commercial strategy for connections via the Åland Islands (outside the Community tax territory),

— for the Gulf of Bothnia: 300 job losses could be foreseen. However, a National State aid measure (based on a public service obligation) is being examined,

— 200 indirect jobs are also linked to the abolition of these sales.

(*Source*: Ministry of Finance)

Sweden:

Sweden's reply is based on a study that it had carried out in March 1998 and the effects on employment are focused on the activities of ferries where job losses are estimated between 500 and 1 200 posts.

[1] See footnote 13.

500 further jobs would also be at risk but will depend upon the operators' commercial strategy for connections via the Åland Islands (outside the Community tax territory).

Regarding indirect effects, no structural effect is mentioned for retail sales, a limited effect is mentioned for tourism and a marginal effect on the price of lorry transport. Price increases for passenger transport on ferries would be about 15 %.

(*Source*: Report of the Ministry of Transport and Communications — March 1998)

The United Kingdom:

Direct job losses in duty-free outlets at airports and on airlines, ferries and Eurotunnel, would be between 1 300 and 2 700.

Indirect job losses on ferries, at ports and in the local economy would be between 780 and 915.

In addition, between 580 and 1 300 indirect jobs would also be lost, mainly in producer industries (tobacco, alcohol and fragrances).

(*Source*: Study by the Department of the Environment, Transport and the Regions)

ANNEX III

Commitments remaining to be implemented — situation as of 1 January 1999 for selected Community Structural Funds objectives and Community Initiatives (1)

Current prices 1999		Commitments remaining to be implemented (in EUR million)
Structural Funds	Objective 1	18 596
	Objective 2	4 336
	Objectives 3 and 4	3 062
	Objective 5b	2 594
	Objective 6	210
Subtotal		28 800
Community Initiatives	Interreg II.A	1 286
	SME	418
	ADAPT	645
Subtotal		2 349
Total		31 149

Source: The Commission.

(1) As obtained by deducting total implementation of commitments as of 1 January 1999 from total allocations 1994-1999 (after reallocations made in 1998).

Prior notification of a concentration

(Case No IV/ECSC.1292 — Thyssen Handel/Mannesmann Handel)

(1999/C 66/05)

(Text with EEA relevance)

1. On 10 February 1999, the Commission received notification of a proposed concentration pursuant to Article 66 of the Treaty establishing the European Coal and Steel Community (ECSC Treaty), by which the undertaking Thyssen Handelsunion AG (Thyssen Handel) belonging to the group Thyssen acquires, within the meaning of Article 66 of the ECSC Treaty, control of the whole of Mannesmann Handel AG by way of purchase of shares.

2. This notification has been declared incomplete on 17 February 1999. The undertakings concerned have now provided the further information required. The notification became complete on 26 February 1999. Accordingly the notification became effective on 1 March 1999.

3. 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 or 296 72 44) or by post, under reference IV/ECSC.1292 — Thyssen Handel/Mannesmann Handel, to:

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

Prior notification of a concentration

(Case No IV/M.1369 — Thyssen Handel/Mannesmann Handel)

(1999/C 66/06)

(Text with EEA relevance)

1. On 10 February 1999, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 ([1]), as last amended by Regulation (EC) No 1310/97 ([2]), by which the undertaking Thyssen Handelsunion AG (Thyssen Handel) belonging to the group Thyssen acquires, within the meaning of Article 3(1)(b) of the Regulation, control of the whole of Mannesmann Handel AG by way of purchase of shares.

2. This notification has been declared incomplete on 17 February 1999. The undertakings concerned have now provided the further information required. The notification became complete within the meaning of Article 10(1) of the Regulation on 26 February 1999. Accordingly, the notification became effective on 1 March 1999.

([1]) OJ L 395, 30.12.1989, p. 1; corrigendum: OJ L 257, 21.9.1990, p. 13.
([2]) OJ L 180, 9.7.1997, p. 1; corrigendum: OJ L 40, 13.2.1998, p. 17.

3. 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 or 296 72 44) or by post, under reference IV/M.1369 — Thyssen Handel/Mannesmann Handel, to:

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

Prior notification of a concentration

(Case No IV/M.1476 — Adecco/Delphi)

(1999/C 66/07)

(Text with EEA relevance)

1. On 25 February 1999, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 (1), as last amended by Regulation (EC) No 1310/97 (2), by which the undertaking Adecco SA (Adecco) acquires, within the meaning of Article 3(1)(b) of the Regulation, control of the undertaking Delphi Group plc (Delphi) by way of public bid announced on 12 February 1999.

2. The business activities of the undertakings concerned are:

— Adecco: supply of temporary staff through employment agencies, placement in mainstream clerical and industrial areas and in specialist areas such as accounting, information technology (IT) and engineering, placement of permanent employees, outsourcing, provision of IT services, training and outplacement counselling services,

— Delphi: professional services to computer users in IT, including staffing, training and consultancy.

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 or 296 72 44) or by post, under reference IV/M.1476 — Adecco/Delphi, 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, p. 1; corrigendum: OJ L 257, 21.9.1990, p. 13.
(2) OJ L 180, 9.7.1997, p. 1; corrigendum: OJ L 40, 13.2.1998, p. 17.

III

(Notices)

COMMISSION

Results of the invitation to tender (Community food aid)

(1999/C 66/08)

as provided for in Article 9(7) of Commission Regulation (EC) No 2519/97 of 16 December 1997 laying down general rules for the mobilisation of products to be supplied under Council Regulation (EC) No 1292/96 as Community food aid

(Official Journal of the European Communities L 346, 17.12.1997, p. 23)

2 March 1999

Regulation (EC) No/ Decision of	Lot	Action No	Recipient	Product	Quantity (tonnes)	Delivery	Successful tenderer	Awarded price (EUR/t)
25.2.1999	A	120 + 121/98	Bangladesh	BLT	30 000	DEN	Lecureur SA, Paris (F)	108,71
339/1999	A	116 + 117/98	WFP/. . .	HCOLZ	1 559	EMB	SICOM S.r.l., Cercola (NA) (I)	584,90
340/1999	A	115/98	WFP/Somalie	MAI	7 500	EMB	n.a.	(1)

n.a. No contract was awarded.

(1) Regulation amended, second deadline for the submission of tenders: 23.3.1999.

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
EXW: Ex works

Call for proposals No VII/E1/CFP1-99

'Establishment of a European Reference Centre for Intermodal Freight Transport'

(1999/C 66/09)

1. The European Commission invites interested bodies and persons qualified to do so under the terms of paragraph 4 hereunder, to submit proposals for the establishment of an European Reference Centre for intermodal freight transport. **The Commission intends to give a grant up to 33 % of its costs during the first threeyear period.**

   Efficient transport is at the core of the competitiveness of the European Union. Transport services have to meet shippers' needs and especially, their requirement for seamless point-to-point transport enabling the reduction of mobile inventory costs and the better integration of transport in supply chains.

   The Common Transport Policy has identified freight intermodalism as an important component of an efficient European transport system, which also contributes to sustainability. The Communication on Intermodality and intermodal freight transport in the EU (COM(97) 243) defines intermodal transport as the combination and integration of at least two different modes of transport in a customer tailored point-to-point haul.

2. The European Reference Centre for intermodal freight transport should establish and consolidate cooperative links between the different stakeholders and should provide a forum to exchange information with a view to promoting efficient and sustainable intermodel freight transport.

   The activities of the European Reference Centre should be clustered around:

   1. dissemination of information;
   2. good practices, benchmarks and metrics;
   3. innovation.

3. The work shall result in:

   1. the physical establishment of the Reference Centre and a proposal for the organisational structure of the Reference Centre;
   2. a comprehensive data and information gathering;
   3. different dissemination activities;
   4. the development of different activities with a view to promoting and innovating freight intermodalism;
   5. the development of a web site with hyperlinks to all other relevant sites on intermodalism;
   6. a series of services aiming at fulfilling the information needs of the interested parties;
   7. a business plan aiming at the continuation of the activities after the first three years on a self-sustaining basis.

4. Legal entities, regional and local authorities, organisations, individuals, public and private enterprises, as well as existing EU-wide networks or temporary groupings of organisations and/or enterprises formed for the purpose of carrying out particular projects, are invited to submit proposals. These should pay particular attention of the inclusion of:

   — a concept and business plan for the Reference Centre as an institution,

   — a full description of the workplan and a business plan for the initiative on best practices during the three years of Commission financing,

   — the outline of the strategy to promote intermodalism and intermodal freight transport,

   — a business plan for the commercial components of the Reference Centre,

   — a timetable for reports and other deliverables, meetings of the Board, workshops and other events.

5. Proposals should be sent in **one** original and **five** hard copies and must arrive at the latest by **5 May 1999** (4 p.m.) at the following address:

   European Commission,
   Directorate General for Transport (DG VII),
   Archives BU 33 1/09,
   Rue de la Loi/Wetstraat 200,
   B-1049 Brussels.

   Proposals must be placed inside two sealed envelopes. The inner envelope, addressed to the department indicated in the call for proposals, should be marked: **'Call for proposals No VII/E1/CFP1-99 — Not to be opened by the internal mail department'.** If self-adhesive envelopes are used, they must be sealed with adhesive tape and the sender must sign across this tape. Proposals received after the closing will not be considered.

6. Any party may be excluded from participating in the contract who:

   — is bankrupt, being wound up, whose affairs are being administered by the court, who has entered into an arrangement with creditors, whose business activities have been suspended or who is in any analogous situation arising from a similar procedure,

   — has been convicted of an offence concerning this professional conduct by a judgement, which has the force of res judicata,

   — has been found guilty of grave professional misconduct,

   — has not fulfilled his obligations relating to the payment of social security contributions and taxes,

   — is guilty of serious misrepresentation in supplying the above information required by the awarding authority.

7. Detailed information on procedures and eligibility for the submissions of proposals, on the selection criteria, on the principles governing the Community's contribution, and the type of contract that will be drawn up with the successfull proposer(s) is available on written request to fax (32-2) 295 43 32 (to the attention of Mr K. Vanroye, DG VII E1, BU 31 5/9), or to the address:

   European Commission,
   Directorate General for Transport (DG VII),
   Mr K. Vanroye — BU 31 5/9,
   Rue de la Loi/Wetstraat 200,
   B-1049 Brussels.

   Requests received after **6 April 1999** will not be considered.

Notice to operators concerning the free supply of agricultural products to the Russian Federation under Council Regulation (EC) No 2802/98 [1]

(1999/C 66/10)

With regard to the invitations to tender opened by the following Regulations, the second period for the submission of tenders is hereby opened for the following lots, in application of Regulation (EC) No 385/1999 [2]. It closes at 12 p.m. Brussels time on 16 March 1999:

1. Regulation (EC) No 156/1999 on the transport of wholly milled rice to Russia [3]:

   — lot(s) No 1.

2. Regulation (EC) No 157/1999 on the supply of skimmed-milk powder to Russia [4]:

   — the single lot.

(1) OJ L 349, 24.12.1998, p. 12.
(2) OJ L 46, 20.2.1999, p. 48.
(3) OJ L 18, 23.1.1999, p. 24.
(4) OJ L 18, 23.1.1999, p. 28.