



HEADLINES

EU / state aid: Commission presents less stringent proposal for state aid rules

On 20 September 2006, the Commission presented a revised proposal on the 'de minimis' rules for state aid. The revised proposal raises the amount of subsidies which individual companies may receive before they are considered state aid from €100,000 to €200,000. This can include guarantees, provided the underlying loan is not in excess of €1.7 million.

The initial proposal was presented in March 2006 and was then the subject of a public consultation, the results of which have shaped the revised proposal. The latest draft will now be sent to Member States for a further consultation. The intention is to adopt and publish the final version of the Regulation before the end of the year, allowing it to enter force in January 2007. The proposal will also be published on the Commission website to allow stakeholders to air their views.

ESBA welcomes the Commission's willingness to enable governments to assist SMEs. In particular, we are in favour of assistance with guarantees, and hope that these developments will help public and private financial institutions to set up appropriate guarantee schemes for SMEs. ESBA would encourage the Commission and other institutions to organise a conference highlighting the importance of guarantee schemes.

For the Commission press release, please go to:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1220&format=HTML&aged=0&language=EN&guiLanguage=en>

For the relevant Commission website, please go to:

http://ec.europa.eu/comm/competition/state_aid/overview/sar.html

ESBA opinion / labour law: current developments unclear in problematic labour law reform

On 4 October 2006, the Lisbon group of Commissioners, which prepares strategic decisions and policy orientations, discussed the draft Green Paper on labour law reform. The Commission was set to launch a 4-month public consultation on this issue in the coming weeks, and will then release a follow-up Communication in 2007. However, due to a press leak of the draft Green Paper on 5 October 2006, the Commission is considering redrafting the paper. As a result the timeline is currently not clear.

The Green Paper seeks to address the need for increased flexibility due to rapid technological progress, increased competition from globalization, changing consumer demand and the growth of the services sector. ESBA welcomes any effort to increase the ability of the labour market to adapt quickly to the problems of the modern world. Indeed, the Green Paper's acknowledges that administrative burdens associated with regular employees have a detrimental effect on employment growth amongst small firms.

However, there are significant concerns about the analysis of the situation set out in the current draft Green Paper. The draft includes a sweeping statement that 'the burden of adjustment to

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change' is borne primarily by those on non-standard contracts. ESBA shares the concerns of other business associations that the draft Green Paper did not fully acknowledge the views of employers and SME organisations. Although ESBA met with officials from DG Employment and expressed the need for employers' rights to be taken into account, the Green Paper did not do so adequately. ESBA welcomes the possibility of redrafting the Green Paper.

To see the draft Green Paper, please go to the following link:

CobraManagedFiles/Green_paper_Labour_Law_Draft_25-09-2006.pdf

For the relevant Commission website, please go to:

http://ec.europa.eu/employment_social/labour_law/index_en.htm

For the Commission Communication on 'restructuring and employment':

http://ec.europa.eu/employment_social/news/2005/apr/com_restruct_en.pdf

EU / Supply Chain Security: Opposition to the European Commission's proposal grows

The European Commission's proposal on Enhancing Supply Chain Security is intended to protect freight transport from terrorist attacks through the creation of a 'secure operator' scheme. Following its report in the last Bulletin that the scheme could cost small businesses € 55 billion, ESBA has carried out a number of case studies, which have revealed strong opposition to the proposal amongst SME entrepreneurs.

Despite stressing their support for the fight against terrorism, Clive Davenport, owner of a Computer Controlled Engineering Manufacturer in Wales, and Amer Sattar, Director of FSE International, a niche market export SME in Belgium, identified the initiative's unsustainable costs, its scope, security dividend and impact on SMEs' competitiveness, on the EU economy and on civil liberties as cause for concern.

Mr Davenport argued that a voluntary scheme would create 'a more imbalanced playing field' between certified and non-certified companies, whilst the costs of a mandatory scheme 'would damage the business.' Mr. Sattar warned that FSE would be faced with 'unreasonable delays', from non-EU freight companies, which did not comply with the scheme's requirements or 'unreasonable costs' from EU companies, which did. Mr. Sattar also asked whether the Commission could 'carry out an assessment of the existing measures, which fall on EU exporters, vis-à-vis the rest of the world.'

The proposal is soon on the agenda of the Institutions. In this context, ESBA has intensified its campaign to convey the concerns of small business entrepreneurs' to EU policy-makers, highlighting the fact that the proposal will significantly undermine efforts to reduce red tape and boost growth and jobs. As preliminary consultations appear to have been too one-sided, it is impossible to find a single SME which supports this initiative.

To see the Commission's proposal, please go to:

http://ec.europa.eu/dgs/energy_transport/security/intermodal/index_en.htm

To see ESBA's small business case studies on this issue, please go to:

25467/News/Press_Releases/21_Sept_2006_-_ESBA_case_studies_oppose_the_proposal_on_ESCS.aspx

IN BRIEF

EU / R&D: Common Position reached on FP7 in Competitiveness Council

On 25 September, Ministers in the Competitiveness Council reached a common position on the Community's new Framework Programme for Research and Technological Development, FP7,

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following the Council's political agreement of 24 July. The European Parliament's second reading is due to take place on 29 November 2006 and if the programme goes through at this stage, the final FP7 will be launched in January 2007.

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/misc/91058.pdf

EU / Working Conditions: Spidla Keeping Close Eye on Member States

Following a recommendation from the European Ombudsman, Nikiforos Diamandouros, on 20 September the Commission will be keeping a watchful eye on Member States. The EU has been criticised for its failure to enforce the Working Time Directive. However the Commission has signalled that they will be getting tough with the offenders if a political agreement is not reached before the end of the Finnish presidency at the end of 2006. Spidla has said that those member states who do not act now will be taken to court. This line of action mirrors DG Transport's which is currently preparing cases against 9 member states over working-time regulations in the transport sector.

To read the Working Time Directive, go to SCAD Plus:
<http://europa.eu/scadplus/leg/en/cha/c10405.htm>

EU / Innovation: Global Competitiveness Report shows EU making progress in innovation

The World Economic Forum has recently published its annual Global Competitiveness Report which ranks the 125 countries according to their competitiveness and productivity. Due to high budget and trade deficits and low health and education standards, the US has slipped to sixth place, with the 'Nordic three', Finland, Sweden and Denmark occupying the top three places. The UK, Netherlands and Germany are also in the top ten, these European success stories largely being due to a focus on innovation and technology through investment in scientific research, infrastructure and education.

See the WEP's top fifty at:
http://www.weforum.org/pdf/Global_Competitiveness_Reports/Reports/gcr_2006/top50.pdf

EU / EU expenditure: Commission report highlights large subsidies to agricultural sector

On 21 September the European Commission published its 2005 Financial Report for the European Union and its report for 2005 on the allocation of EU expenditure by Member States. The reports show that in 2005 53,186 million euros was allocated to agriculture and rural development whilst only 381 million euros was directed to enterprise.

The reports can be found via the following links:
http://ec.europa.eu/budget/library/publications/fin_reports/fin_report_05_en.pdf
http://ec.europa.eu/budget/library/documents/revenue_expenditure/agenda_2000/allocrep_2005_en.pdf

EU / Tax: EU-wide tax stays on the agenda

Lázlo Kovács, the EU's Commissioner for Tax, has stated that plans to create an EU-wide corporate tax system will continue, despite seven Member States' objections. The scheme has the support of 10 Member States, with an additional eight giving tacit support. Mr. Kovács has outlined the possibility of having a limited group of countries participate in the common tax system, should individual Member States remain reluctant. This would be analogous to the situation with the euro or the Schengen agreement on border controls.

EU / Single market: Results of consultation reviewing the single market published

In May 2006 the European Commission published a Communication "A Citizens' Agenda – delivering results for Europe". Included in the Communication was a proposal to open a consultation with European citizens on the success of the single market and how improvements could be made. Based

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on the results, the Commission will present a report on the Single Market in the 21st century to the European Council in 2007 which will outline concrete proposals for action.

The results of the consultation were published on 21 September and a report is available at: http://ec.europa.eu/internal_market/strategy/docs/report-from-consultation_en.pdf

An overview of the submissions is available at: http://ec.europa.eu/internal_market/strategy/index_en.htm

PUBLICATIONS

Boosting incomes and jobs: The OECD strategy

Jean-Philippe Cotis outlines the OECD approach to boosting incomes and jobs in a presentation at the Federation of Indian Chambers of Commerce and Industry in New Delhi, India on 18 September 2006.

To obtain publication, please go to: <http://www.oecd.org/dataoecd/8/47/37452674.pdf>

OECD social safety nets and structural adjustment

How can social safety nets impede or facilitate structural change? Economics Department Working Paper 517 by Paul van den Noord, Nathalie Girouard and Christophe André.

To obtain publication, please go to:

[http://www.oecd.org/olis/2006doc.nsf/43bb6130e5e86e5fc12569fa005d004c/8b02a0bbb12ae243c12571fe002c1d17/\\$FILE/JT03214486.PDF](http://www.oecd.org/olis/2006doc.nsf/43bb6130e5e86e5fc12569fa005d004c/8b02a0bbb12ae243c12571fe002c1d17/$FILE/JT03214486.PDF)

CONSULTATIONS

No relevant consultations currently open

COMING UP

EU Institutions: Important Dates

10-11 October 2006 European Parliament Mini-Plenary session

23-24 October 2006 European Parliament Plenary session

SME related Events

9-12 October 2006 European week of regions and cities: public and private partnerships for growth and jobs; organised by the Committee of the Regions; more info: http://ec.europa.eu/regional_policy/conferences/od2006/index.cfm

10 October 2006 SME Energy Working Breakfast; taking place in Brussels; organised by SME Union; to register:

<http://www.sme-union.org/event/index.php?lan=en&id=36>

11 October 2006 Facilitating SMEs Access to Community Programmes; taking place in Brussels; organised by SME Union; more info:

<http://www.sme-union.org/event/index.php?lan=en&id=38>

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16 October 2006 World Standards Day 2006: ‘European standardisation – a key for the success of SMEs and craft industries’; organised by DG Enterprise; taking place in Brussels; more info and registration:

http://ec.europa.eu/enterprise/standards_policy/international/world_standards_day/2006_en.htm

17-18 October 2006 UNICE Day 2006: Why do companies care about Europe?; more info:

<http://www.unice.org/Content/Default.asp>

18 October 2006 “Driven by innovation” CEO luncheon series; organised by the American Chamber of Commerce; Brussels; more info:

<http://www.amcham.be/cgi-bin/events.cgi?Action=display&id=325>

18-19 October 2006 INNOVACT 2006 Conference; organised by INNOVACT; taking place in Reims, France; more info: <http://www.innovact.com/-Bienvenue->

26-27 October 2006 Entrepreneurship through education in Europe; organised by the European Commission and the Norwegian government; taking place in Oslo; more info:

<http://www.oslo.technopole.no/cgi/wbch3.exe?ce=7910>

31 Oct-2 Nov 2006 ‘29th ISBE Conference – International Entrepreneurship – from local to global enterprise creation and development’; organised by ISBE; taking place in Cardiff. More info:

<http://www.isba.co.uk/>

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