



HEADLINES

EU / REACH: Hearing recognises high costs to SMEs

On 19 January a day long Joint-Hearing on REACH took place in the European Parliament. As part of the discussions of the impacts of REACH on industry, Bruno Stephan (The European Association of Chemical Distributors, Germany) represented the SME point of view and outlined how they are the firms most affected by the proposal. He claims that many SMEs will be affected by REACH in a double or triple function as many SMEs can be producers, importers and downstream users of substances.

Other speakers also recognised the high costs of implementing REACH for SMEs. Pieter Van Geel State Secretary for Environment of the Netherlands, highlighted the results of the workshop that took place in The Hague 25-27 October, which concluded that the direct and indirect costs of implementing REACH would primarily affect SMEs. Commissioner for the Environment, Stavros Dimas spoke about the need to safeguard SMEs and said the Commission would produce detailed technical guidance on all parts of the process in conjunction with a tailor-made IT system.

[Click for more information on the hearing](#)

EU / Services: Debate in Committee confirms left-right divide on the proposal

The services directive was on the agenda of the Internal Market committee on 18 January. The rapporteur, Mrs Gebhardt (Germany, Socialist) presented her working document on the subject. She considers that the Commission draft directive should be substantially reworked, but not withdrawn. She stressed that the scope of the directive should be clearer. She also mentioned the need for more coherence within EU legislation and that the aim of the directive must be an efficient and simpler supervision. The rapporteur said her group was not in favour of the Country of origin principle.

The Commission speaker welcomed current feedback from the European Parliament that the services directive was needed. He said analysis shows that the EU is not getting the full benefits of the services activity, where improvements could bring 1 to 3 % of GDP growth. He said the Commission would have difficulty with a “blanket rejection” of the Country of origin principle, but they are not suggesting a blanket application of the principle either.

Malcolm Harbour (UK, EPP-ED, shadow rapporteur) said his group believes the structure of the directive is right. Given the importance of the service sector for employment, this is a directive about jobs, and not just a directive on the country of origin principle! Mutual recognition is the basis for the country of origin principle, said Harbour.

16 other MEPs expressed their opinion on the issue, confirming the left-right divide on the proposed text. Mrs Gebhardt’s report could possibly be ready in March.

[Click here for more information on the services directive](#)

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EU / Working Time: Exchange of views in Employment and Social Affairs Committee

An exchange of views with social partners, on the controversial revision of the working time directive, was organised on Monday 17th January by the Committee for Employment and Social Affairs. The UNICE representative underlined the need to place SMEs at the centre of the Lisbon process as they are key actors for creating jobs. Therefore, the opt-out should be retained as it provides SMEs with the necessary flexibility. Also, the reference period should be extended to 12 months instead of 4. Mr Müller from UEAPME stressed that flexibility is crucial for SMEs, and that family businesses should benefit from derogations. The Trade Unions representative put the accent on the European Court of Justice Opinion as regards on-call time and supported collective bargaining. Other issues such as the definition of on-call time and compensatory rest proved to be the most problematic ones.

Other speakers included representatives of the CEEP (European Centre of Enterprise with Public Participation), EPSU (European Federation of Public Service Unions), and CPME (Standing Committee on European Doctors). The EPSU speaker mentioned the importance of social dialogue as regards the impact of the ECJ judgments on different sectors.

The rapporteur A. Cercas (PES, Spain) insisted on the necessity to protect health of the workers, without however mentioning any precise data on the impact of longer working hours on health. More in line with SME concerns were P. Bushill Matthews MEP (EPP, UK), who defended the individual freedom of choice, and Liz Lynne MEP (Liberals, UK), who echoed his remarks and underlined the necessity to keep the opt out.

[Click here for more information](#)

EU / Entrepreneurship: EU lags behind US

A poll published on 17 January by the European Commission shows that nearly twice as many Americans are thinking of setting up their own business (28%) than the European counterparts (15%). Moreover, the gap appears to be widening with the number increasing at a faster pace in the US.

Nearly two thirds (61%) of American respondents said they would prefer to be self-employed, compared to 45% of Europeans, who cited job security and a fixed regular income as reasons to be employed in a company rather than be their own boss. The poll claims that there is also a divide within Europe, with 62% of those surveyed in Portugal and 56% of those in Spain wanting to be self-employed, compared to 28% of Finns, 33% of Dutch and 35% of Swedes.

The main reason for the lack of European entrepreneurial spirit is thought to be the difficulties encountered in finding sufficient funding to set up a business. Javier Echarri, Secretary-General of the European Venture Capital Association, which aims at promoting entrepreneurial spirit in the EU, stated “if the EU is serious about encouraging more Bill Gates and Richard Branson’s in the EU, then it must look to ease access to finance for entrepreneurs as well as improve the entrepreneurial environment in Europe”. Fear of failure was also thought to be another cause.

Boosting entrepreneurship was one of the primary goals of the Lisbon Agenda set up in 2000, and the EU now plans to propose a number of measures aimed at promoting entrepreneurship among young people, reduce stigma from failure and simplifying compliance with tax laws.

[Click here to see the results of the poll in full](#)

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[Click here for more information on the Entrepreneurship Action Plan](#)

IN BRIEF

EU / Lisbon Agenda: Commission prepares to re-launch the strategy

It is expected that the Commission will soon re-launch the Lisbon Agenda, re-focusing the strategy around three core themes: creating jobs, improving knowledge and innovation and ensuring that Europe remains an attractive location for employment.

One of the key proposals will aim at increasing the ownership of the Lisbon process for member states, and it is thought to suggest the appointment in each member state's government of a "Mr. Lisbon/ Mr. Jobs and Growth" to co-ordinate the national reform efforts and devise national Lisbon programmes".

[Click here for more information on the Lisbon Strategy](#)

EU / SME Statute: Mid-term study results

The mid-term results of the feasibility study into a European statute for SMEs were presented in an expert's seminar in Brussels, on 14 January. The aim of the study, carried out between is to undertake a quantitative survey of the opinions of SMEs in a representative sample which reflects as accurately as possible the number and situation of the SMEs likely to be interested in a European statute.

The seminar had the two objectives of presentation and consultation. It raised the issue of the lack of knowledge about existing statutes for EU firms and a general curiosity towards an EU statute for SMEs, with 48% of those surveyed in favour of the statute, 40% with no opinion and 12% against. The expected benefits of such a statute are expected to be: an increase in commercial activities, the reduction of obstacles resulting from different national regulation and harmonisation of the competition rules across Europe.

The final results are expected in June 2005, with a conference in the Autumn to present the conclusions.

[Click for more information](#)

EU / SME: Intergroup re-formed

At the December 2004 Plenary session of the European Parliament the decision was made to re-launch the SME Intergroup. The Austrian MEP Othmar Karas (EPP-ED) will preside over the Intergroup, with Paul Rübzig (EPP-ED, Austria) being one of the other leading parties.

Over the coming 5 years the Intergroup will focus on all relevant European SME issues (such as, SMEs and the Lisbon-Agenda, Services Directive, REACH, Basel II, Patents, Regional Development) on a cross-party level".

The first SME Intergroup Meeting will take place on Wednesday, March 9, 2005, in Strasbourg and meetings are planned every second plenary session.

EU / ICT: Red tape will kill research

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A report by a high-level independent panel, published on 17 January, has warned that bureaucracy “now threatens to kill (ICT) research” in Europe. The report evaluates the effectiveness of the European Research and Technological Development (RTD) Programme for Information Society Technologies (IST) during the past five years (1999-2004). It recommends cutting red tape and doubling EU funding for research from one to two billion euros per year.

Information and Society Commissioner Viviane Reding quickly responded stating she is willing to examine the concerns about red tape, which “is a general problem of EU research programmes, but felt most directly in IST research”.

[Click for more information](#)

EU / Public Procurement: Moves online

The European Commission’s new Action Plan on electronic public procurement was published on 19 January, and provides a framework for implementing EU procurement directives adopted in 2004.

The objective is to enable any business with a PC and an internet connection to bid for public contracts electronically anywhere in the EU. Public procurement accounts for over 16% of the EU economy and it is hoped that this process will help open up procurement markets, boosting EU competitiveness and reducing government spending.

[Click for more information](#)

CONSULTATIONS

- **Air pollution – What do you Think?**

The European Commission is holding an online consultation to receive input on the measures to be included in a new comprehensive European Action Plan to reduce air pollution

Closes 31 January 2005

[Click for more information](#)

- **Stakeholder Consultation on the Framework programme for Competitiveness and Innovation (CIP)**

The European Commission is seeking input on its ideas for a new framework programme for competitiveness and innovation, to run from 2007 until 2013. The programme would like to streamline and bring together actions in various policy fields to create a more comprehensive and coherent approach. Alongside instruments to encourage innovation, the programme would aim to increase the uptake and mastery of Information and Communication Technologies, enhance SMEs’ access to finance and stimulate better framework conditions for business.

Closes 7 February 2005

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COMING UP

EU Institutions: Important Dates

26-27 January European Parliament Mini-Plenary Session, Brussels

17 February Economics and Financial Affairs Council, Brussels

21-24 February European Parliament Plenary Session, Strasbourg

3-4 March [Employment, Social Policy, Health and Consumer Affairs](#) Council

7-8 March Competitiveness Council

7-10 March European Parliament Plenary Session, Strasbourg

Other SME related Events

26-27 January	Small Business Day 05, Orebro, Sweden. Organised by the Swedish Foundation for Small Business Research; See: www.fsf.se/sd05 for programme and to register online
31 January-2 February	Small and Medium Enterprises International Conference and Exhibition, Dubai, United Arab Emirates Organised by the Department of Economic Development, UAE; Seagull Group; Council of Arab Business Women; WASME; INSME Further information: http://www.ismedubai.com/
2-4 February	Interdisciplinary European Conference on Entrepreneurship Research, Amsterdam, The Netherlands Organised by the Institute for Small Business Affairs For more information: http://www.isba.co.uk/
10 February	EU funding for research and innovation in 2005, Bordeaux, France An information day covering funding opportunities both inside and outside of FP6 and factors influencing successful applications -Organised by CLAIRE Further information: http://www.eurosfaire.prd.fr/ji/index-ji100205p.html
23-25 February	Forum on Practical Intellectual Property Issues for SMEs Support and Financial Institutions, including Technology and Business Incubators, Geneva, Switzerland Organised by WIPO- WASME Further information: http://www.wipo.int/sme/en/activities/meetings/forthcoming_events/index.htm