



### HEADLINES

#### **EU / Small Enterprise Charter: 5<sup>th</sup> Implementation Report**

The European Charter for Small Enterprises was adopted in 2000 by the EU-15 as a first concrete step under the Lisbon Agenda. It has since expanded to 35 countries across Europe including all new Member States, as well as non-EU countries such as Norway and Moldova. The recent 2005 5<sup>th</sup> Implementation Report focuses on three of the ten charter areas:

- Education for entrepreneurship
- Better regulation
- Skills shortages

The report presents a snapshot of the main developments in SME policy over the past year, and identifies strengths and weaknesses in the EU and its neighbours. It also highlights good practices and issues recommendations.

The European Commission welcomed the report and Mr. Verheugen, Commissioner for Enterprise and Industry, commented “boosting small firms in the EU is a cornerstone of the Commission’s recent “growth and jobs” proposal”.

*The European Charter for Small Enterprises:*

[http://europa.eu.int/comm/enterprise/enterprise\\_policy/charter/index.htm](http://europa.eu.int/comm/enterprise/enterprise_policy/charter/index.htm)

*Access the Charter Implementation Report at:*

[http://europa.eu.int/comm/enterprise/enterprise\\_policy/charter/reports.htm](http://europa.eu.int/comm/enterprise/enterprise_policy/charter/reports.htm)

#### **EU / Software Patents Directive: Parliament demands that current proposal is withdrawn**

The European Parliament President, Josep Borrell, will ask the Commission to present a new proposal on the Patentability of Computer-Implemented Inventions, better known as the “Software Patents Directive”, after a decisive vote in the Legal Affairs Committee. The decision by the Legal Affairs Committee was taken after a heated debate with the Commissioner for the Internal Market and Services, Charlie McCreevy, over the future of the directive.

The Directive has already created a split in industry, with many big companies such as Nokia, Siemens and Microsoft supporting it. However, smaller firms argue that that it will concentrate patents in the hands of a few big companies and freeze out smaller groups.

The Commission will now have to decide whether to table a new proposal, or fight to maintain the existing format. The decision is expected in early March after the Competitiveness Council (7 March).

*Software Patents Directive:*

[http://europa.eu.int/comm/internal\\_market/en/indprop/comp/](http://europa.eu.int/comm/internal_market/en/indprop/comp/)

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### EU / Services Directive: EESC opinion

At its Plenary Session on 10 February the European Economic and Social Committee (EESC) adopted a major opinion on the Directive for Services in the Internal Market. The report by the EESC has set out a series of proposals with clear indications on what changes are needed to be made.

The EESC proposes:

- a two-stage transition period leading to the application of the country-of-origin principle, recognising that there are areas where there are at present no standards or where the principle would be impossible to apply. An immediate application of the principle could lead to a watering down of standards;
- no watering down of existing social protection, wage and safety standards in the work place as a result of the Directive. National arrangements for collective negotiations and agreements, including implementation of rules on the posting of workers, should not be adversely affected;
- clarification of the scope, derogations and rules in conflict of laws in the application of the country of origin principle to cross-border service provision;
- improvements in record keeping to allow the effects of the Directive to be better evaluated
- a consistent approach to implementation of tax rules by Member States to allow simplification of cross-border service provision
- the introduction of codes of conduct at European level to guarantee levels of service
- quality assurance and pricing transparency to ensure protection of consumers

Meanwhile, France and Germany have continued to raise concerns regarding the directive. French PM Jean-Pierre Raffarin has described the proposal as “unacceptable”, whilst German Chancellor Gerhard Schröder has more specifically demanded that health, education and infrastructure be exempt.

*The EESC Press Release:*

[http://www.esc.eu.int/press/cp/docs/2005/cp\\_eesc\\_20\\_2005\\_en.doc](http://www.esc.eu.int/press/cp/docs/2005/cp_eesc_20_2005_en.doc)

### IN BRIEF

#### EU / Competitiveness: The importance of e-government

On 14 February a background research report exploring the link between electronic government and economic competitiveness was published. E-government is frequently referred to as a key element of Europe’s economic agenda and the report outlines the way in which ICT (Information and communication Technology) can be used to drive productivity growth. The report is intended to form a basis for further work and discussion on the economic impact of e-government and will contribute to the next European Ministerial e-Government Conference to be held this autumn under the UK Presidency of the EU.

Read the report: <http://europa.eu.int/idabc/servlets/Doc?id=19230>

#### EU / Research: Europe a step behind

A paper published on 10 February by an expert panel led by Dr Erkki Ormala, Vice President of Technology Policy at Nokia, has evaluated the EU research and development programmes and their impacts on Europe’s knowledge base and potential for innovation. The report argues that EU programmes have so far made a major contribution but suggests that more resources will be needed

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in the future. The panel also recommended: more industry participation, especially from SMEs; streamlined and simplified administration; and more emphasis on radical innovation and risk-taking.

More information: [http://europa.eu.int/comm/research/reports/2004/fya\\_en.html](http://europa.eu.int/comm/research/reports/2004/fya_en.html)

### **EU / Employment: Restructuring causes job losses**

According to the European Restructuring Monitor (ERM) 161,090 job losses resulted from 309 restructuring cases in 18 EU Member States during the last quarter of 2004. This represents a sharp increase on the previous quarter when 56,342 job losses were reported from 159 cases. The majority of the restructurings were concentrated in four countries, the UK, Germany, Poland and France. Over the same period however, 74 business expansion cases resulting in the creation of 38,725 new jobs were also reported.

*European Restructuring Monitor quarterly:*

<http://www.erm.emcc.eurofound.eu.int/erm/index.php?template=quarterly>

### **EU / Economic Growth: Small economies are the drivers**

According to the recently published 2005 economic survey by the UNECE (UN Economic Commission for Europe) smaller economies and new mainly central European Member States are set to drive the EU economy this year. Average EU growth is predicted to drop by 0.4 percentage points but remain strong at 4.6% in eight central European countries. Britain is expected to slow from 3.2% to 2.5% and Europe's traditional powerhouses France and Germany are only predicted a 1.8% growth rate.

More information: [http://www.unece.org/press/pr2005/05qen\\_p04e.htm](http://www.unece.org/press/pr2005/05qen_p04e.htm)

### **EU / Trade Defence: New website & helpdesk launched**

The European Commission has launched a website and helpdesk for SMEs regarding "Trade Defence Instruments" (TDIs). TDIs are legal tools which ensure fair and undistorted international trade. The anti-dumping instrument is most commonly used, followed by anti-subsidy and safeguards. The website and helpdesk will specifically address the information needs of SMEs regarding EU policies and practices, as well as activities from non-EU countries.

The website: [http://europa.eu.int/comm/trade/issues/respectrules/tdi\\_sme/index\\_en.htm](http://europa.eu.int/comm/trade/issues/respectrules/tdi_sme/index_en.htm)

The helpdesk: [http://europa.eu.int/comm/trade/issues/respectrules/tdi\\_sme/contact.htm](http://europa.eu.int/comm/trade/issues/respectrules/tdi_sme/contact.htm)

### **EU / Health & Safety: Cutting risks in SMEs**

The recently published report "Promoting Health and Safety issues in SMEs", describes how SMEs have been the focus of the second SME Funding Scheme (2002-03) run by the European Agency for Safety and Health at Work. The overall aim was to reduce the number of accidents at work, as well as the incidence of occupational ill health. Topics included chemicals hazards, stress-related illness, prevention in high-risk sectors (e.g. agriculture, construction) and the promotion of a preventive culture.

See the report: <http://agency.osha.eu.int/publications/reports/107/en/SME02-03.pdf>

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## CONSULTATIONS

- **Requirements regarding contents of packages**

Taking up a recommendation of the SLIM exercise (Simpler Legislation for the Internal Market), the Commission seeks to streamline the various existing laws into a single directive (currently two), at the same time sweeping away some 25 different national rules in this area. The public consultation hopes to solicit the views of producers and citizens on its plans for simplifying current legislation and aligning it with the international standards formulated by the OIML (Organisation Internationale de Métrologie Légale).

*Closes 15 March 2005*

Further information: [http://europa.eu.int/comm/enterprise/prepack/index\\_en.htm](http://europa.eu.int/comm/enterprise/prepack/index_en.htm)

- **VAT and the Place of Supply of Services supplied to non-taxable persons**

The goal of this paper is to describe the problem areas the Commission has identified in Article 9 of the Sixth VAT Directive (Directive 77/388/EEC of 17 May 1977) when dealing with services supplied to non-taxable persons (B2C supplies). The document also provides an overview of possible modifications to the rules governing the place of supply and seeks reactions and input on the proposed framework and related issues. By considering the contributions of all stakeholders, the Commission will be in a better position to consider how best to progress the possible review of these rules.

*Closes 4 April 2005*

Further information:

[http://europa.eu.int/comm/taxation\\_customs/common/consultations/tax/article\\_1704\\_en.htm](http://europa.eu.int/comm/taxation_customs/common/consultations/tax/article_1704_en.htm)

## COMING UP

### **EU Institutions: Important Dates**

3-4 March	<a href="#">Employment, Social Policy, Health and Consumer Affairs Council</a>
7-8 March	Competitiveness Council
7-10 March	European Parliament Plenary Session, Strasbourg
10 March	Environment Council
16-17 March	General Affairs & External Relations Council
22-23 March	European Council
7-9 April	Informal Meeting of Labour & Employment Ministers, Luxembourg
11-14 April	European Parliament Plenary Session, Strasbourg

### **Other SME related Events**

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:
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[http://www.wipo.int/sme/en/activities/meetings/forthcoming\\_events/index.htm](http://www.wipo.int/sme/en/activities/meetings/forthcoming_events/index.htm)

- 20-22 March First World Forum On Regional Economic Development - Madeira, Portugal  
Further information:  
<http://www.madeiraworldforum.com/about.asp>
- 13-15 April International Co-operation to Seize innovation Opportunities for SMEs, Barcelona, Spain - Organised by INSME  
Further information: [www.annualmeeting2005.insme.org](http://www.annualmeeting2005.insme.org)
- 11-13 May International Training Program on Intellectual Property and Management of Innovation in SMEs - Geneva, Switzerland - Organised by WIPO & INSME  
Further information:  
[http://www.wipo.int/sme/en/activities/meetings/forthcoming\\_events/index.htm](http://www.wipo.int/sme/en/activities/meetings/forthcoming_events/index.htm)
- 12-13 May Regents Park, 6<sup>th</sup> International Conference on Corporate Governance - Nuffield Hall, London - Further information: <http://www.wcfcg.net/iccg/iccg.htm>