



HEADLINES

EU / European Council: Agreement on changes to the Services Directive

The Spring European Council has been taking place in Brussels on 22-23 March. In the meeting on 22 March EU leaders agreed on some key changes to the controversial Services directive. The Council will conclude that while the EU supports a complete opening of the market in services, the European Social Model has to be protected. Current head of the EU Luxembourg Prime Minister Jean-Claude Juncker, has said that while the current draft does not meet those requirements, the directive will not be withdrawn but changes will be made to take the social model into account. The proposal is currently in the hands of the European Parliament, with a report due by rapporteur Evelyne Gebhardt MEP (Socialist, Germany) at the end of March.

The Services directive has been the cause of much controversy, especially dominating French politics in recent weeks. President Chirac has been an outspoken critic of the proposal, declaring it unacceptable for France and claiming it will lead to “social dumping”. A few days earlier, on 19 March, over 50,000 trade unionists from across Europe gathered in Brussels to demonstrate against the directive. Their main objection was directed towards the “country of origin” principle which protestors claim will lead to “social dumping” and downwards pressure on standards in public services.

ESBA has played a key role in providing input and drafting a “Declaration on the Services Directive” along with other small business organisations including SME Union & SME Global (the SME branches of the EPP-ED), Eurochambres, and Eurocommerce. The Declaration, which outlines our position in regard to the directive, was sent to Commission President Barroso and Commissioners Günter Verheugen and Charlie McCreevy on 18 March and will act as a key policy document supporting the aims of the Directive.

For more information on the Declaration on the Services Directive see:

<http://www.esba-europe.org/IEIImBGQST5tbqa5TITaF5km/EN/News.aspx>

For more information on the European Council 22-23 March see:

<http://www.eu2005.lu/en/calendrier/2005/03/22conseur/index.html>

EU / Better regulation: Commission initiative to cut red tape

On 16 March the European Commission launched a new “better regulation” package aimed at cutting red tape, tackling excessive regulation and striking the right balance between the costs and benefits of legislation. Speaking at the occasion, Commission President José Manuel Barroso said “Releasing our creativity from the restraints of red-tape is the best way to push forward our ambitious goals for the economy, for the society and the quality of life of our citizens”.

Commissioner Verheugen (Enterprise and Industry), also at the launch, highlighted the role of Member States as well the EU, stating that “Less red tape means more growth. The Commission is

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ready to do its part, to clamp down on overregulation and promote simplification. But we cannot go it alone. Member States must also reduce bureaucracy.”

The Commission proposal includes the following:

- Improved Impact Assessments
- Screening & possible modification or withdrawal of pending proposals
- More simplification
- Pilot projects to reduce administrative burden
- Alternatives to legislation
- Consulting citizens
- Member State involvement

For more information see:
http://europa.eu.int/comm/enterprise/regulation/better_regulation/index_en.htm

EU / Lisbon Agenda: Realisation of goals could add 8% to EU GDP over 10 years

The European Commission has published a new study on “The economic cost of non-Lisbon” which warns that failure to implement the reforms foreseen under the “growth and jobs” strategy could mean the EU misses out on an 8-10% rise in GDP over the next 10 years.

The working document is a survey of the literature on the economic impact of Lisbon-type reforms which they classify into five categories:

- Product and capital market reforms
- Investment in the knowledge based economy
- Labour market reforms
- Social policy reforms
- Environmental policy reforms

The study underlines that product and labour market reforms alone on the second half of the 1990s resulted in an increase in annual GDP growth of almost one half percent point over the medium term. When also taking into account the potential contribution of increased investment in knowledge, the increase in EU growth potential could reach $\frac{3}{4}$ of a percentage point. Over a ten year period this would imply an increase in GDP level of up to 8%

Moreover, the study claims that the costs of not achieving the Lisbon goals would be felt in terms of a reduced quality of life, negative health impacts, lost economic opportunities and economic costs as a result of a poor environment.

Elsewhere, the London based think tank CER (Centre for Economic Reform), has published a scorecard ranking the 25 Member States, plus Romania and Bulgaria, in terms of progress made towards the Lisbon goals. Sweden has scored the best, where as Italy’s economy has been identified as “a major cause for concern”.

Read the Commission report in full:
http://www.europa.eu.int/growthandjobs/pdf/SEC2005_385_en.pdf

For more information from the CER on the progress of Member States towards the Lisbon goals see:
<http://www.cer.org.uk/economics/lisbontables.html>

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IN BRIEF

EU / Social Affairs: Working Time Directive review to come soon

The Working time directive was discussed during the Employment Committee meeting on 15 March 2004. The Draft report by A. Cercas (PES, Spain), which foresees the removal of the opt-out, was only published on 7 March, with a deadline for amendments on 16 March. This very tight timetable was strongly criticized by several MEPs including P. Bushill-Matthews (EPP-ED, UK) and L. Lynne (ALDE, UK).

The debate was fairly animated between those supporting the removal of the opt-out and opponents. P. Bushill-Matthews reminded the committee that there is no evidence that the opt-out has an adverse impact on health and safety. Liz Lynne MEP, recalling that no one should impede individuals who wish to work overtime for their own personal reasons from doing so, supported the twelve month reference period whilst opposing the maximum 65 hour week.

The vote in Committee is scheduled for 20 April with a possible vote in plenary on 9 May.

For more information see:
<http://www2.europarl.eu.int/oeil/file.jsp?id=5202562>

EU / New SME definition: User guide published

The European Commission has published a user guide and model declaration to explain the new SME definition which came into force on 1 January 2005. The user guide is intended to act as a general orientation for those applying the new definition.

Access the User guide:
http://europa.eu.int/comm/enterprise/enterprise_policy/sme_definition/sme_user_guide.pdf

EU / Industrial Relations: Still wide difference between EU, USA & Japan

According to a new report by the European Foundation for the Improvement of Living and Working Conditions entitled "Industrial Relations in the EU, Japan and USA 2003-4", there still exist wide differences in industrial relations in the EU, Japan and USA. Collective bargaining remains the dominant method of settling pay and working time in Europe, covering around two thirds of the workforce, in contrast to the USA and Japan where only one eighth and one fifth respectively are covered by collective agreements.

Read the full report here: <http://www.eiro.eurofound.eu.int/2005/02/feature/tn0502102f.html>

EU / European Commission: European Small Claims Procedure set up

The European Commission has adopted a proposal for a regulation setting up a European Small Business Claims Procedure. The procedure would work as an alternative to currently existing procedures in Member States which would remain unaffected. The aim of the proposal is to simplify, speed up and reduce costs of litigation concerning small claims. The new procedure would be applicable in civil and commercial matters where the total claim does not exceed €2000.

For more information: <http://europa.eu.int/scadplus/leg/en/s22003.htm>

EU / EU Publications Office: EU bookshop launched

On the 13 March the EU Publications Office (OPOCE) launched an online bookshop, providing a single access point to the various publications of the EU institutions, agencies and other bodies. The portal

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was opened by Ján Figel, Commissioner for Education, Training, Culture and Multilingualism, who is responsible for relations with OPOCE.

Recent publications may be downloaded in PDF format free of charge and users can also order a printed copy of any publication cost-free. Priced publications may also be downloaded and ordered online.

Access the online bookshop: http://bookshop.eu.int/eGetRecords?Template=Test_EUB/en_index

CONSULTATIONS

- **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

- **Aviation and climate change**

The European Commission has launched an internet consultation on reducing the climate change impact of aviations. There are questionnaires for both individual citizens & organisations.

Closes 6 May 2005

Further information:
http://europa.eu.int/comm/environment/climat/aviation_en.htm

COMING UP

EU Institutions: Important Dates

7-9 April	Informal Meeting of Labour & Employment Ministers, Luxembourg
11-14 April	European Parliament Plenary Session, Strasbourg
12 April	Economic & Financial Affairs Council
14 April	Justice & Home Affairs Council
18 April	Competitiveness Council
25-26 April	General Affairs & External Relations Council
27-24 April	European Parliament Mini-Plenary Session, Brussels

Other SME related Events

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- 30 March IT- A Powerful Tool for SMEs: Better Access to EU Funding for SMEs
Brussels, Belgium - Organised by SME Union
Further information: <http://www.sme-union.org/>
- 5 April FP6 Measures to Support Technological Innovation In smes' in the Food Sector" -
Florence,
Italy - Organised by DETECT-it - Further information:
<http://www.detect-t.org/content/main.asp?PageID=55&MenuGroup=1&MenuNum=17>
- 13-15 April International Co-operation to Seize innovation Opportunities for
SMEs, Barcelona, Spain - Organised by INSME - Further information:
www.annualmeeting2005.insme.org
- 28 April Working breakfast with Commissioner Verheugen
Brussels, Belgium - Organised by SME Union - Further information:
<http://www.sme-union.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 6th International Conference on Corporate Governance
Nuffield Hall, Regents Park, London - Further information:
<http://www.wcfcg.net/iccg/iccg.htm>
- 19-20 May E-Learning Conference "Towards a Learning Society?" - Brussels, Belgium
Organised by DG Enterprise - Pre-registration open until 14 March -
Further information & to register: <http://www.elearningconference.org>
- 26-27 May European Conference on Innovation and e-Business - Brussels, Belgium
Organised by DG Enterprise - Further information:
[http://europa.eu.int/comm/enterprise/innovation/e-
business_en.htm#practical_information](http://europa.eu.int/comm/enterprise/innovation/e-business_en.htm#practical_information)
- 31 May – 3 June Green Week Conference 2005 – "Get to Grips with Climate Change"
Brussels, Belgium - Organised by DG Environment
For further information & to register to participate:
http://europa.eu.int/comm/environment/greenweek/index_en.htm
- 15-16 June Annual Conference on the European Charter for Small Enterprises
Luxembourg - Organised by the European Commission & Luxembourg
Presidency
Those wishing to participate are advised to register early, as places are
limited. To register (deadline 13 May) & for further information:
http://europa.eu.int/comm/enterprise/events/charter/conf_2005.htm

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