



HEADLINES

EU / Presidency: UK Presidency pledges pro-business agenda

UK Presidency commences at the half-way point of the Lisbon process, and few would dispute that the results to date are disappointing. In order to tackle some of the shortcomings, the UK has signalled an aspiration to push a pro-business agenda. Strong priority will be given to cutting red tape and making life easier for businesses. In particular it is determined to address three major pending proposals: REACH (see below), the services directive, and the "post financial services action plan agenda". Agriculture is likely to surface on a number of occasions, and the UK would certainly like to see some sort of agreement to boost the EU bargaining position ahead of the WTO Hong Kong Ministerial Conference begins in December

While some analysts expect that the UK Presidency will coincide with a debate on the EU's future economic direction, others wonder whether some pro-business or free-market legislation will be put on hold following the recent Constitution referenda, especially after Mr Blair recently accepted that the French and German social models could not be dismantled and instead suggested a new "European social model".

The UK Permanent Representative to the European Union, Sir John Grant, recently said that the UK agenda was not a spectacular one, but that it was wise not to be overly ambitious. In his opinion, the primary job of the UK Presidency is to continue the work of the Luxembourg Presidency and ensure political continuity.

See the website of the Presidency: <http://www.eu2005.gov.uk/>

EU / Internal Market: UK and Commission join forces for better regulation

The European Commission and the UK presidency are teaming up to make better regulation a top priority for the next half year. Recently the UK cabinet minister in charge of regulation said the UK wants to commit the European Union to cutting red tape, generating potential savings of hundreds of billions of euros. Meanwhile, new guidelines published by the Commission on impact assessment say officials should look in particular at economic and competitiveness concerns when drafting new legislation.

The UK Presidency has said it will work with the Commission on the quality of its impact assessments. The Presidency will also look at how impact assessments are used in the Council, with the aim of using their findings in working groups from the start and when amending the proposal. While the guidelines do not refer to explicitly to SMEs, in the the list of economic impact assessment criteria there are several issues of key importance for SMEs. These include competitiveness in comparison to non-EU businesses, encouraging innovation and administrative burdens. The "better regulation" drive will also see current business rules re-examined to see if they are still justified.

On simplification, the UK Presidency is working with the Commission, and Commissioner Verheugen recently sent out a letter asking for input from businesses with suggestions for simplification. These

ESBA Bulletin of 7 July 2005 – Volume 7 – Number 12

suggestions will result in legislative proposals. 203 proposals currently in the pipeline (under consideration by the EP or Council) will also be screened, and may be withdrawn if they are not in line with Commission's objectives.

The Commission Guidelines on Impact Assessment:[click here](#)

EU / REACH: Discussions progress in Parliament and Council

At the Environment Council of 24 June Ministers demonstrated broad agreement over several aspects of the proposal, including stronger authorisation requirements for the most dangerous substances; an explicit reference to the principle of substitution, and stronger conditions for individual substance authorisations. This more prescriptive line on authorisation hints at a convergence of views with what has been discussed in the Parliament's lead environment committee.

The rapporteur G. Sacconi (PES, Italy) mentioned at the last Environment Committee meeting an agreement between shadow rapporteurs on important compromise amendments covering Duty of care; a strengthened role for the agency; regular reports of Member States (MS) and the Agency; reducing duplication of Animal Testing; and the One Substance, One Registration (OSOR) proposal.

The other committees involved in REACH as part of the Hughes procedure (enhanced cooperation during co-decision process) are the Industry Committee, the Internal Market Committee, and the Legal Affairs Committee. The Industry Committee (opinion by L. Ek, Liberals, Sweden), which demonstrated convergences of views at its last meeting on 21 June, focuses on the modalities of the OSOR proposal, on the Slovenian-Maltese proposal on 1-10 tonnes, and a strengthened role for the agency. The Internal Market Committee (opinion by H. Nassauer, EPP-ED, Germany) displayed agreement within its members on the risk-based approach, pre-registration, exposure and use categories and a strong agency.

Meanwhile, The SPORT study published on 05 July highlights practical problems linked to the implementation of the REACH proposal. Unlike the previous economic impact assessments, SPORT investigates the capacity of companies, big or small, and authorities, to cope with the legal duties and registration steps under REACH. The report concludes that the forthcoming piece of legislation, as it stands, would be "difficult to understand and implement". It suggests that practical guidance, a series of implementation tools, and an IT system should be put in place before REACH starts.

Vote in the Environment Committee has been postponed and will in October, with a vote in plenary scheduled for the 24-27 Plenary session in Strasbourg. The Council Common Position is foreseen for the end of 2005, but could be delayed.

More information on the REACH proposal is available from the following website:
http://europa.eu.int/comm/enterprise/reach/index_en.htm

IN BRIEF

EU / Patents: European Parliament buries software patents law

On 6 July the European Parliament voted 648 to 14 to reject the Computer Implemented Inventions Directive which could have led to software being patented.

ESBA Bulletin of 7 July 2005 – Volume 7 – Number 12

MEPs said that the directive was rejected because it pleased no-one in its current form. On its side, the European Commission responded to the refusal by saying it would not draw up or submit any further versions of the original proposal.

The directive would have given EU-wide patent protection for computerised inventions, which range from computer programs that control medical devices to the software embedded in electronic gadgets. It would also have provided patent protection for computer programmes, but only in the context where the software is part of an invention.

While high-tech firms said the directive was crucial to protect the fruits of their research and development its opponents said it would lead to the patenting of software which would jeopardise the prospects of small firms and independent software developers.

Please find the European Parliament report and the proposed amendments here: [click here](#)

EU / Internal Market: Slow progress on Services directive

Discussions were less emotional than they have been before when Internal Market Commissioner Charlie McCreevy appeared before the European Parliament's internal market committee to discuss the services directive on 13 June. All parties expressed a stronger than before willingness to compromise. The Commission reiterated its readiness to accommodate substantial amendments (close to 1,000 amendments have been tabled), while not abandoning the guiding principle of opening up the services markets, and both "left" and "right" said they wanted a successful adoption of the directive.

However, while the former said it would not support the directive unless the country of origin principle would be replaced by mutual recognition, the latter said it would only support a directive guided by the country of origin principle. The directive's success will probably depend on whether these stances can be reconciled.

Commissioner McCreevy said that there was no "plan B" following a defeat of the directive. But the Commission would be pragmatic, also with regard to the scope of the directive. In particular, health services were not likely to be included due to Member States reluctance to cede competence. The amendments will be discussed in the Internal Market Committee in July, followed by a vote in the committee in September.

Please find the Parliament report as well as the proposed amendments here: http://www.europarl.eu.int/compar/imco/services_directive/default_en.htm

EU / Social Affairs : Employment and Social Affairs Committee to vote on Optical Radiation Directive

The proposal for directive of workers exposure will be adopted by the Employment and Social Affairs Committee on 11-12 July (second reading). This is the fourth of the Physical Agents Directive, which cover exposure to noise, vibrations and electromagnetic fields. The most controversial issue, which has lead MEps to table more amendments than initially foreseen, is the question whether employers should responsible for workers exposure to natural sources of optical radiation, a decision that could potentially lead to high costs for small business, in a area where risks are difficult to assess.

The report by Csaba Ory (EPP-ED, Hungary) is available at the following webpage: [click here](#)

ESBA Bulletin of 7 July 2005 – Volume 7 – Number 12

OECD / Trade: The Benefits of Liberalisation

The EU could increase its per capita GDP by 2 to 3% if it knocked down remaining barriers to trade and investment, according to a new OECD working paper.

In introduction to the report, chief economist Jean-Philippe Cotis writes that "At a time when Europe may be losing momentum in its drive to opening product and services markets, the study shows that the economic rationale for such liberalisation remains very strong".

However, the controversy surrounding the proposed services directive has demonstrated that many Europeans are reluctant when it comes to further liberalisation.

The OECD report: [click here](#)

CONSULTATIONS

Improving the EU business environment

Unnecessary rules and red tape stand in the way of sustainable growth deter business investment and hinder job creation. In mid-March, the Commission announced further steps in its Communication on "Better Regulation for Growth and Jobs". This includes the launch of a major new simplification programme by October, 2005. In order to ensure that the programme responds to real concerns, the European Commission is keen to hear from businesses and other interested parties which rules need to be simplified.

The European Commission has now launched a public online consultation to ask business how they feel the business environment in the EU can be improved and the administrative burden reduced. Through an online questionnaire, the Commission asks companies and other interested parties to identify particularly burdensome rules and make suggestions as to how best to simplify them. The information gathered will be compiled and examined in the Commission's 'Red Tape Observatory' and individually analysed by the responsible Commission services.

Closes 31 December 2005

The online form entitled 'Ten minutes to improve the business environment in the EU' is to be found on: <http://europa.eu.int/yourvoice/forms/dispatch?form=418&lang=EN>

Cross border mergers and acquisitions

A survey has been launched by the Commission to find out why there is little cross-border consolidation in the financial sector and what the obstacles are to EU cross-border mergers and acquisitions. The consultation is open to all interested stakeholders in the financial sector. The results will serve as an input for a report expected from the Commission in September.

On-line questionnaire: <http://europa.eu.int/yourvoice/forms/dispatch?form=405>

Q&A : <http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/05/131&format=HTML&aged=0&language=en&guiLanguage=en>

ESBA Bulletin of 7 July 2005 – Volume 7 – Number 12

Consultation on application of financial instruments market directive

Stakeholders will be asked to comment on a technical report by the Committee of European Securities regulators (CESR) on application measures of Directive 2004/39/EC. The consultation is the second part of a four part-process.

Closes 17 July 2005

Emission trading survey

The European Commission has launched a stakeholder web survey to help it prepare for an official review of the EU's carbon emission trading system due in a year's time. Although the Commission recently has expressed caution with regard to changes of the system, the review may lead to a revision of the emission trading directive, including an extension to new sectors and gases.

Closes 16 August 2005

Find the on-line survey on: <http://www.europa.eu.int/comm/environment/climat/emission.htm>

COMING UP

EU Institutions: Important Dates

- 11-12 July Informal Competitiveness Council, Cardiff
- 12 July Economic and Financial Affairs Council
- 15 July Economic and Financial Affairs Council (budget)
- 5 September EU-China Summit
- 5-8 Sep European Parliament Plenary Session, Strasbourg
- 9-10 Sep Informal Economic and Financial Affairs
- 15 Sep Consumer Competition Conference, London

Other SME related Events

- 21 July SME guide to EU funding, Workshop aimed at informing SMEs on how to access European grants under the Sixth Framework Programme (FP6) – Stockport, England – Further information: [click here](#)
- 28 August 2nd International Conference on SMEs - Lefkada, Greece – Further information: www.atiner.gr/index.php?section=3&subsection=30
- 2 September Business Innovation for SMEs 2005 – Brighton, UK – Further information: www.brighton.ac.uk/ktp/