



HEADLINES

EU / European Council: Agreement reached on European Constitution

After more than two years of development and revision, EU leaders finally reached agreement on a European Constitution at the meeting of the European Council in Brussels on 17-18 June. Despite a number of highly contentious issues, such as the voting weights in the Council of Ministers, the scope of majority voting and the inclusion of a reference to God in the preamble, agreement was reached thanks to the consensus building efforts of the Irish Presidency. However, the equally divisive issue of the selection of a new President of the European Commission was not resolved.

The resultant Constitution contains a number of institutional innovations, although it is debateable whether this has achieved the goal of simplifying the EU's labyrinthine decision-making procedures. Under the new rules, a President of the European Council will be elected by European leaders for a 2.5 year term, replacing the current 6 month rotation system. Qualified majority voting is to be extended to all but the most sensitive areas and will take the form of a 'double majority', under which proposals will require the support of 55% of Member States, representing 65% of the EU population and a blocking majority must include at least four states.

Before entering into force, the Constitution must be ratified by all 25 Member States, either by national parliaments or by a popular vote.

For details of the agreed text, see [here](#).

EU / European Council: EU leaders demand closing of 'Lisbon gap'

Also at the European Council, political leaders made their customary restatement of the commitment to the goals of the Lisbon Agenda and called upon national governments to close the 'delivery gap'.

Whereas progress was acknowledged on issues including the mobility of businesses and services, intellectual property rights and infrastructural development, the Council called for increased efforts on Better Regulation, corporate governance, the REACH proposals and the mobility of researchers. The Council also reiterated its support in principle for the Community Patent.

Further progress toward to the Lisbon goals will now fall to the incoming Dutch Presidency of the European Council and the newly elected European Parliament.

For more details on the Lisbon Agenda, see [here](#).

EU / European Parliament elections: Euro scepticism and voter apathy dominate

Despite the poor performance of incumbent governments in many countries and the striking success of a number of anti-European and extreme right parties, the elections held on 10-13 June have not led to major changes in the political structure of the European Parliament. The positions of the major

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political groups remain unchanged following the elections, leaving the EPP-ED as the largest political grouping with approximately 38% of the 732 seats.

The elections were notable for the strong performance of a number of extreme right, eurosceptic and anti-EU parties, including the UK Independence Party, the French Front National and the Swedish June List, resulting in a sharp increase in the number of 'non-aligned' MEPs in the new Parliament. Turnout fell to 45.5%, its lowest level since the first direct elections in 1979, exacerbated by extremely poor rates of participation in the newly acceded countries of Central and Eastern Europe.

The full list of MEPs for the 2004-2009 session will not be finalised before the end of June. Political groupings will need to be finalised before the first group meetings on 5 July. Parliament will then return in July for a part-session to elect a new President and to assign MEPs to committees according to the revised committee structure agreed on 29 January of this year.

For more information, see [here](#).

EU / SMEs: Report highlights impact of late payments on SMEs

According to a broad business survey by the credit management company Intrum Justitia, late payments are one of the major obstacles to the growth of international trade and the development of the internal market. The prevalence of late payment is argued to be particularly problematic for SMEs, who tend to be more vulnerable to variations in cash flow and rely on a limited range of customers. The report also reveals distinct geographical trends, with late payments considerably more common in Southern Europe.

The report calls for the full implementation of the EU Directive on late payments, passed in 2002 but not yet effectively implemented, and harmonised legal enforcement procedures in all Member States.

For more details, see www.intrum.com.

EU / ESBA: ESBA Annual Event held in Brussels, June 17-18 2004

The ESBA Annual event, which took place in Brussels on 17-18 June 2004, was well attended by representatives of ESBA, the joint organisations CEAPME and CEDI, as well as by several European Parliament and European Commission officials involved in SME-related policies.

The first session on the European Parliament and small businesses was particularly valuable, as participants received a very thorough picture of the internal workings of the EP as well as "lobbying tips" for SMEs. The ESBA Annual regulatory review brought together top EU officials, high quality presentations and very lively SME-focused debates on the new Action Plan for Entrepreneurship, REACH, the Services Directive and Basel II. The third session provided a very detailed and thorough analysis of the evolution and future of small business representation in the EU.

ESBA would like to thank all speakers and attendees for their active participation, and will keep you informed on future actions taken on the many issues addressed.

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IN BRIEF

EU / Internal Market: Commission publishes results of consultation on Director's remuneration

The Commission has published a summary of the 101 responses received as part of the consultation on regulatory approaches to directors' remuneration. The responses revealed widespread support for the Commission's proposal to raise transparency in directors' remuneration by disclosing remuneration policy for the next financial year and by unveiling the remuneration of individual directors in the preceding financial year. Most respondents also agreed with the Commission's plan to boost shareholders' role in approving share-based remuneration schemes – for example share options - for directors.

Crucially, the vast majority of respondents argued that the Recommendation should only cover listed companies and that an extension to smaller unlisted companies would prove unnecessarily burdensome.

The Commission will now produce a Recommendation on fostering an appropriate regime for the remuneration of directors.

For more information, see [here](#).

EU / eBusiness: Announcement of e-Business W@tch Annual Event

This year's e-Business W@tch Annual Event: 'e-Business Implications for Productivity and Competitiveness' is being held in Brussels on 7 July. It focuses on improving the efficiency of business processes, drawing on the latest results of the Commission's e-Business W@tch project.

The results of this analysis, more statistical data on e-business developments in 10 different sectors of the European economy, as well as the implications of doing business electronically, using information and communication technologies (ICT) for productivity, competitiveness and growth will be presented and discussed during the e-Business W@tch Annual Event. The afternoon session will feature a panel discussion with invited speakers from EITO, INSEAD, the OECD, the official statistics of Canada and the UK, and DG Enterprise on 'ICT and e-Business at the Intersection of Productivity, Innovation and Competitiveness'.

For more information, see www.ebusiness-watch.org.

CONSULTATIONS

DG Employment - European Works Council Directive

Closing Date: Not Announced

The European Commission is consulting workers' and employers' representatives on how European Works Councils can best respond to the challenges of a changing economic and social environment.

[More details](#)

DG Internal Market - Public Procurement

Closing Date: 30 July 2004

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On the basis of a Green Paper, the European Commission has launched a debate on the desirability of adapting the Community rules on public procurement and concessions to accommodate the development of public-private partnerships (PPPs). The main objective is to see whether it is necessary to improve the current rules in order to ensure that economic operators have access to PPPs under conditions of legal clarity and real competition.

[More details.](#)

DG Taxation - VAT One-Stop-Shop project

Closing Date: 31 July 2004

The European Commission has launched a wide consultation of European enterprises on the VAT One-Stop-Shop project. According to the present rules indeed, the place of supply of an operation determines the Member State where tax obligations (declaration, payment...) have to be fulfilled. A taxable person having activities in several Member States may therefore be confronted with tax obligations in several countries. The Commission considers that a one-stop-shop could, in many cases, simplify tax obligations of Community traders having cross-border activities. The aim of the present document is therefore to explain the different aspects of a one-stop-shop mechanism and to collect feedback from interested parties, in view of making a legislative proposal in the autumn.

[More details.](#)

DG Competition - UK Enterprise Capital Fund

Closing Date: Not Announced

The United Kingdom proposes to establish a funding mechanism to improve capital funding for small and medium-sized enterprises (SMEs) throughout the UK the Enterprise Capital Funds scheme. SMEs seeking to raise initial equity funding of between £ 250,000 (EUR 357,000) and £ 2 million (EUR 2.9 million) will approach licensed Enterprise Capital Funds (ECFs) to be set up under the scheme. Before assessing the scheme under the applicable State aid rules, the Commission wishes to collect information from other interested parties, notably from potential providers of risk capital to SMEs in the United Kingdom. It is only with the help of such observations that the Commission can decide whether such aid is necessary and does not adversely affect trading conditions to an extent contrary to the common interest.

[More details.](#)

DG Employment - Equality and non-discrimination

Closing Date: 31 August 2004

This Green Paper sets out the European Commission's analysis of the progress that has been made so far. It seeks views about how the EU can continue and reinforce its efforts to combat discrimination and to promote equal treatment. In so doing, it responds to calls from the European Parliament and others to organise a public consultation on the future development of policy in this area.

[More details.](#)

DG Enterprise - Consultation Procedures

Closing Date: 1 September 2004

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The European Commission Enterprise Directorate General has launched a survey on the consultation procedures between national/regional governments and the business community when new laws and policies are proposed. The aim of the survey is to identify the most effective consultation procedures and to use the feedback to improve future conduct.

[More details.](#)

COMING UP

EU / Important Dates

- June 28-29 Environment Council
- June 29-30 Conference on the European Charter for Small Enterprises
- July 1 Dutch Presidency begins
- July 2-3 Informal Competitiveness Council