



HEADLINES

EU / European Commission: Rehn nominated as replacement for departing Liikanen

Olli Rehn has been confirmed as Finland's new Commissioner, replacing Erkki Liikanen as Commissioner for Enterprise and the Information Society, who is leaving Brussels to become governor of the Finnish Central Bank on 12 July. Mr. Rehn is a leading member of the ruling Center Party, currently acting as an Economic Policy Adviser to the Prime Minister. He has previously served as Erkki Liikanen's chef de cabinet and is a former professor of political science.

Mr. Rehn will also be Finland's representative in the next Commission, to be led by former Portuguese Prime Minister José Manuel Durão Barroso when the Prodi Commission concludes its term of office at the end of October.

Meanwhile, Competition Commissioner Mario Monti has announced that he will not take up the offer to return to Italy as Minister of Economy and Finance in the government of Silvio Berlusconi, opting instead to remain in Brussels and to seek reappointment as a member of the Barroso Commission.

EU / Dutch Presidency: Dutch Presidency sets out Competitiveness Agenda

The incoming Dutch Presidency has outlined its approach to revitalising the Lisbon Agenda, focusing on reducing the regulatory burden on industry and expediting structural reforms at national level, rather than launching new regulatory initiatives.

The six months of the Dutch Presidency will not be conducive to large scale reforms, given the wholesale changes to both the European Parliament and the European Commission during the period. Moreover, the High Level Group, led by Wim Kok, is due to report in November. The content of this report will provide the foundation for the Commission's mid term review of the Lisbon process in 2005.

Amongst the priorities for the Presidency will be improving the functioning of labour markets, completion of the internal market (esp. capital and services), promoting sound public finance through the Stability and Growth Pact and reducing the administrative burden on companies. With regard to specific dossiers, the Presidency has identified REACH, the Financial Services Action Plan, eco-efficient innovation and sustainable mobility for particular attention.

For more information on the Dutch Presidency, see [here](#).

EU / SMEs: Conference on European Charter for Small Businesses held in Dublin

The necessity to moderate regulatory demands on small businesses and the need to transform attitudes to entrepreneurship in Europe emerged as the major themes of a conference held in Dublin to stimulate the exchange of best practices within the context of the European Charter for Small Businesses.

ESBA Bulletin of 12 July 2004 – Volume 6 – Number 14

During her closing address, Irish Tánaiste and Minister for Enterprise Mary Harney, drew attention to the ‘economic cost of bad rule making’, citing an IMF study estimating that improvements in the EU regulatory framework could yield a 7% increase in GDP and a 3% increase in productivity in the longer term. Ms. Harney underlined the commitment of the Irish Presidency and the incoming Dutch Presidency to the process of economic reform, through the simplification of European legislation and the introduction of compulsory impact assessments. She proceeded to identify the REACH dossier as a ‘crucial test case’ for the resolve to bring about lasting improvements to European competitiveness.

At the same conference, Irish Minister for Trade and Commerce Michael Ahern criticised the negative prevailing attitudes towards entrepreneurship and called for a variety of measures to boost entrepreneurship, such as dedicated entrepreneurship education in schools, an increased supply seed-capital and early stage financing and R&D links between universities and enterprises.

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

EU / Internal Market: Software Patent Vote under scrutiny

The proposed European software patent Directive, passed during the Competitiveness Council of 18 May may have to be re-examined following a challenge in the Dutch Parliament. The disagreement concerns the text on which ministers eventually voted. The Dutch Parliament had approved a positive vote on a compromise text proposed by Internal Market Commission Frits Bolkestein and containing amendments adopted by the European Parliament. However, during the course of the Council, ministers reverted to, and adopted the original draft, which had not been approved by the Dutch parliament.

The consequences for SMEs are potentially highly significant. The adopted text, if approved by the European Parliament, will legalise software patents, whereas the compromise proposal allows patents for industrial inventions but not for software. Opponents of the Directive argue that software patents would destroy innovation in small and medium sized enterprises, whilst bolstering the competitive position of large enterprises with large research budgets.

If the Council decision is invalidated, the Directive will be re-examined at a future Council meeting before returning to the European Parliament for a second reading.

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

IN BRIEF

EU / Finance: European Microcredit Conference to be held in Brussels in September

Following calls from the European Council for Member States to pay special attention to microcredit in order to encourage the development of small enterprises, the Microcredit European Conference is being organised in Brussels by the Enterprise Directorate General, in conjunction with a number of microfinance institutions. The aim of the conference is to disseminate lessons learned and good practice in providing access to microfinance.

For full details, see [here](#).

ESBA Bulletin of 12 July 2004 – Volume 6 – Number 14

EU / Competition: Commission announces new guidelines on state rescues

The Commission has released new guidelines to clarify the approach the Commission intends to take in individual cases where the State financially supports a rescue and restructuring operation in favour of individual enterprises. The new guidelines quantify a minimum percentage threshold of the restructuring cost that the aid beneficiary has to carry with its own means. For large undertakings the threshold of this own contribution should be around 50% of the overall restructuring cost. For medium-sized undertakings whose activities do not distort competition within the Union in the same way, the threshold is fixed at 40% while SMEs only have to carry around 25% of their restructuring cost. The new guidelines will have the advantage of making Commission decisions more predictable in such cases and will apply as of 10 October 2004.

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

EU / Working Time: Dutch Presidency pushes for flexible EU working time law

The Dutch Presidency has urged the Commission to present a new draft Directive on working time by the end of the September and has committed to putting the proposal immediately onto the Member State's agenda when it arrives. Following longstanding disputes regarding the use of 'opt outs' and the treatment of 'on call' time, the Dutch are in favour of a decentralised system, whereby each member state to be able to decide for themselves what they define as working time.

An alternative for the Dutch would be to retain the current so-called "opt-out" clause in the current directive, which offers workers the possibility to be exempted to the EU rule and work longer than 48 hours.

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

CONSULTATIONS

DG Enterprise Transparency of regulations in the area of services Closing

Date: 19 July 2004

The Commission has highlighted the existence of a number of serious obstacles to the freedom of establishment and to the freedom to provide services within the internal market, which have been listed and examined in a specific report, adopted by the Commission on 30 July 2002. On the one hand, this led the Commission to adopt, on 13 January 2004, a proposal for a directive on services in the internal market and, on the other, to consider the possibility of extending Directive 98/34/EC to other categories of services, or even to all services, so that a part of the economy that is just as important is not excluded from the system of prior inspection instituted by Directive 98/34/EC.

[More details](#)

DG Enterprise Tax Systems and Profit Retention

Closing Date: 23 July 2004

DG Enterprise are currently developing a project looking into the effects of tax systems on the retention/reinvestment of profits by smaller business, considering in particular the drivers of decisions as to whether to reinvest or withdraw business profits, the fiscal measures that could be

ESBA Bulletin of 12 July 2004 – Volume 6 – Number 14

taken to encourage the retention of profits and the current fiscal obstacles/disincentives to retaining profits.

For more information, contact ESBA

DG Internal Market Public Procurement

Closing Date: 30 July 2004

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 and Customs Union 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 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

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.

ESBA Bulletin of 12 July 2004 – Volume 6 – Number 14

[More details.](#)

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.](#)

COMING UP

EU / Important Dates

- July 1 Dutch Presidency begins
- July 2-3 Informal Competitiveness Council
- September 24-25 Competitiveness Council