



HEADLINES

EU / Institutions: Inaugural Session of new European Parliament in Strasbourg

The newly enlarged European Parliament met for the first time in Strasbourg on 20-22 July for a series of highly significant votes. Spanish Socialist Josep Borrell was voted in as the new President of the European Parliament, thanks to a political deal struck between the Party of European Socialists and the largest group in the Parliament, the EPP-ED. It is expected that Borrell will step down half-way through the Parliament's term to make way for an EPP-ED candidate, likely to be leader Hans-Goert Poettering.

In addition, the controversial nomination of former Portuguese Prime Minister Jan Manuel Barroso as President of the European Commission was endorsed by the Parliament by 413 votes to 251. Despite only requiring a simple majority, the election of Mr. Barroso was in some doubt due to the lack of support from the Socialists and other smaller groups.

Mr. Barroso will now set about the task of constructing the college of 25 Commissioners, based on candidates nominated by the Member States. Mr. Barroso has already rejected the Franco-German proposal to create 'super-commissioners' responsible for multiple portfolios in favour of the existing single-tier collegiate system.

[More details.](#)

EU / Taxation: Commission publishes papers on common tax base and Home State Taxation for SMEs

Following the Commission Company Taxation Communication of November 2003, the Commission has now published two discussion papers to form the basis for political discussions at the informal meeting of Economic and Finance Ministers on 10 and 11 September. The papers address two issues which are both contentious and potentially highly significant to cross-border SME activity and to the promotion of the Lisbon objectives: the creation of a common corporate tax base and a pilot system of Home State Taxation.

The proposal for a Common Consolidated Corporate Tax Base would provide companies with establishments in at least two Member States with the possibility of computing their group taxable income according to one set of rules, those of the new EU tax base, hence reducing the tax-related compliance costs in developing EU-wide activities. Secondly, the proposal for a pilot project for Home State taxation of SMEs is designed to reduce the barriers to cross-border SME activity. Analysis suggests that the costs of complying with foreign tax regimes are disproportionately high for SMEs and hence the results of the scheme to allow the profits of a group of companies active in more than one Member State will be watched with interest.

At present, there is no political agreement on these topics but progress can be expected following the summer recess.

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The two papers can be found [here](#).

EU / Commission: Olli Rehn emphasises role of SMEs in Lisbon Process

On 27 July, the new Commissioner for Enterprise and the Information Society, Olli Rehn, participated in an exchange of views with the Industry, Research and Energy Committee of the European Parliament, during their first meeting of the new parliamentary term. The discussion focused on the slow progress towards the Lisbon goals. Rehn chose to emphasise four policy areas: Innovation, Entrepreneurship, Better Regulation and the Information Society.

On concrete policy developments, he discussed the proposals for the replacement of the multiannual plan for enterprise and entrepreneurship by a new global programme, PACE. The new programme would operate from 2006-2011. He drew attention in particular to the financial instruments for SMEs contained in the proposals, namely new start-up facilities, the Innovative Companies Scheme, guarantees for SMEs and partnerships with international financial institutions.

The discussion also covered the impact of the REACH proposals on competitiveness and SMEs. Rehn assured the committee that the Commission would focus on the implications for competitiveness and growth as well as the impact on the environment and health.

For further details of proposals for the next multiannual programme, see [this page](#).

IN BRIEF

EU / Research: Commissioner Busquin encourages SMEs to take up funding

At a meeting in Estonia on 13 July, Commissioner for Research Philip Busquin called upon Eastern European SMEs to take up the allocation available to them under the EU's Sixth Framework Programme. €2.3bn of the €20bn FP6 budget is available for SME-led research projects to promote innovation. At present, only one in every eight applications for EU research funding comes from an SME in Eastern Europe. However, the Commission argues that with enlargement comes increased competition and new market opportunities, and Eastern European SMEs must now start to take full advantage of this flow of goods, services, capital and labour. Recognising the importance of developing the research and innovation capacity of SMEs for European competitiveness, the Commission spent €13m last to improve SME participation in the FP6.

For more information, see [this page](#).

EU / Entrepreneurship: Commission publishes Key Action Sheets

The Commission has published a series of Action Sheets outlining the measures to be taken under the Entrepreneurship Action Plan, adopted in February 2004. The aim of the Action Plan is to stimulate entrepreneurship and to create the optimal conditions for existing enterprises to grow and prosper. The Key Action Sheets provide more detailed information on what the Action Plan means in practice, describing the 38 sub-actions foreseen, the roles of the actors involved and examples of best practice.

For more information, see [this page](#).

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EU / Internal Market: Member States failing to deliver on internal market legislation

The European Commission has published the latest scorecard detailing the performance of EU Member States at implementing internal market legislation and freeing up Europe's markets in goods and services. According to the scorecard, the number of directives in France whose transposition is over two years late is now almost double that of the next worst offenders, Germany and Belgium. Member States had previously set a deadline of 2006 for cutting internal market infringements by 50%. Persistent failure to transpose EU directives represents a serious threat to the achievement of the Lisbon objectives.

For further details: [click here](#).

EU / CSR: Disputes over results of Corporate Social Responsibility Forum

The final report of the Multi Stakeholder Forum on CSR, which met in four round tables over a period of 20 months, has been revised to reflect continuing disagreements over the definition of CSR and the steps to be taken. NGOs have expressed concern that the common definition of a 'voluntary agreement between the stakeholders on corporate responsibility without a common system for corporate accountability is not enough to create the necessary EU framework for CSR'. The final report also contains the conclusions of a working group dedicated to fostering CSR amongst SMEs

The Commission is expected to publish a follow-up communication to the conclusions of the Forum at the end of 2004 or early 2005.

For more details, see [see this page](#).

CONSULTATIONS

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

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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.

[More details.](#)

DG Internal Market **Copyright and Related Rights**

Closing Date 31 October 2004

The review is aimed at updating the legislative framework in the field of copyright and related rights, increasing its consistency and also simplifying the provisions. In addition, there is a need to analyse whether this framework still contains shortcomings which have a negative impact on the functioning of the Internal Market. In this case, additional harmonisation measures may have to be envisaged. In the framework of the review, the Commission is now launching a consultation of all interested parties on the basis of a working paper. The consultation aims at completing the legal analysis and allowing further assessment of the impact of possible changes.

[More details.](#)

COMING UP

EU / Important Dates

- September 10-11 Informal ECOFIN Council
- September 13-16 Plenary session of European Parliament
- September 24-25 Competitiveness Council