



### HEADLINES

#### EU / The Kok Report: *"Facing the Challenge"*

On 3 November former Dutch Prime Minister Wim Kok presented his mid-term review on Lisbon Strategy, *"Facing the Challenge"*, to the Commission. Mr. Kok was mandated by the March 2004 European Council to lead a group of experts with the objective of reviewing the strategy initiated in Lisbon in 2000. At that time, the heads of states and governments of the EU-15 decided to start a reform process with the ultimate aim of becoming "the most dynamic and competitive knowledge-based economy in the world capable of sustainable growth with more and better jobs and greater social cohesions, and respect for the environment", by 2010.

The report takes a gloomy view on the progress made in the last four years, and concludes that the "disappointing delivery" is due to "an overloaded agenda, poor co-ordination and conflicting priorities". It holds the member states responsible for a lack of "determined political action".

The Kok report rejects proposals for the 2010 deadline to be lifted and highlights the external (US and Asian growing economies), and internal (the ageing/"greying" European population) challenges. It also points to the new EU-10 as a source of concerns and opportunities. Kok believes that all three pillars of the Lisbon Strategy – economic, social and environmental – remain valid, however, considers the current priorities for Europe are to boost its economic growth rate and increase employment.

*"Facing the Challenge"* calls for determined action to be taken urgently across five key policy areas:

- **The Knowledge Society** – to attract and keep the best researchers; make R&D a top priority; and to promote innovation.
- **The Internal Market** – to complete the internal Market for services (especially financial services and removing obstacles to the free movement of goods).
- **The Business Climate** – to reduce the total administrative burden; improve the quality of legislation; facilitate the rapid start-up of new companies; and to create an environment that is more supportive to business.
- **The Labour Market** – to implement the recommendation of the European Employment Task Force in 2003; and to develop strategies for lifelong learning (by 2005), active ageing and partnerships for growth and employment (by 2006).
- **Environmental Sustainability** – to stimulate eco-innovation; build leadership in eco-industry; and pursue policies which lead to long-term and sustained improvements in productivity through eco-efficiency.

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The Report also calls for greater political ownership of the Lisbon Strategy and ask the European Council to “take the lead” in driving the strategy forward. It calls on the member states to prepare national action programmes to commit themselves to delivery and engage citizens and stakeholders in the process. Kok believes that this “will ensure governments are more engaged” in driving forward the Lisbon process, as well as increase the involvement of national governments and social partners.

[See the Report in full](#)

### **EU / Economic Review 2004: Commission reviews economic underpinnings of Lisbon strategy**

On 26 October, the European Commission published the 2004 EU Economic Review, which examines how current macroeconomic conditions are affecting Europe’s competitiveness agenda. The Review also contributed to the recently released mid-term review of the Lisbon Strategy.

The Review notes that economic prospects improved in 2004, against the background of a favourable international economic environment. It then goes on to analyse the economic underpinnings of the Lisbon Strategy in four main areas: cohesion, labour market performance, productivity and the relationship between the environment and economic growth.

On the recent performance of the EU labour market, the Commission offers a stark assessment. “Halfway through the first decade of the Lisbon Strategy, it is difficult to see how the employment targets can still be achieved by 2010, partly because of the economic slowdown, but more importantly because progress on structural reforms has been slow and insufficient”. The Review does however identify significant progress in some areas, such as improved female employment.

The Review provides further evidence to dispel the myth that gains in employment can only be made at the expense of productivity and claims productivity growth is “what really matters for the competitiveness and dynamism of the EU”. It argues that reforms are needed to allow new innovative firms to become established and grow in order to address the EU’s structural productivity problem. It however concludes that the knowledge-based economy – a defining concept in the Lisbon Strategy – is still not yet fully entrenched in Europe.

[See the full Review](#)

### **EU / REACH: Cost to business – especially SMEs – needs to be cut**

The Dutch Presidency held a workshop from 25 to 27 October to review the 36 studies published to date on the costs and benefits of the draft EU chemicals legislation (REACH). As a result officials have recommended that the costs on businesses be cut down.

In their conclusions, officials agreed that the costs of REACH to business – especially SMEs – were too high and needed to be curbed. To this end, they recommended that the bureaucracy involved with the implementation of REACH be kept to a minimum. They also urged for effective co-operation from companies on implementation and information sharing once the law is passed, in order to avoid unnecessary duplication of tests and keep overall costs for industry to a minimum.

Their conclusions also outline some of the direct costs and benefits of REACH for businesses. The benefits are identified as: better health for employees exposed to hazardous substances; creation of a level playing field for European businesses; and a likely positive effect on innovation in the long run. And the costs: a possible disadvantage for European companies selling outside the EU, with SMEs affected more than other sectors; and short term innovation hampered by new legislation.

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For further information see the [Dutch Presidency Press Release](#):

### IN BRIEF

#### **EU / Institutions: European Business apprehensive about lack of new Commission**

European business reacted with concern on 27 October, when the vote due to ratify the new Commission elect failed take place. Commission President designate Mr. Barroso decided to withdraw his European Commission line-up in the face of opposition from Parliament. The original Barroso line-up was regarded as controversial due to its inclusion of the Italian Commissioner designate for the Justice & Security, Rocco Buttiglione, who expressed strong views on homosexuals and women's role in society. MEPs also raised doubts about the suitability of incoming Dutch Competition Commissioner Neelie Kroes, the Danish Mariann Fischer Boel, the Latvian Ingrida Udre and the Hungarian László.

Changes have been slowly taking place with the resignation of Mr. Buttiglione and the replacement of Ms. Udre with Andris Piebalgs. The taxation portfolio is also expected to pass to the Mr. Kovács (Hungary). Both the Danish and the Dutch are standing by their choice of Commissioner. Mr. Barroso is expected to present his new line up at the EU Summit in Brussels on 5 November.

Off-the-record business leaders fear that the next line-up will be left leaning and less friendly to the ambitions of business, especially small and medium sized enterprises. They also fear that the decision is a setback for transatlantic business relations.

#### [Mr. Barroso's Speech](#)

#### **EU / Consumers: New Europe-wide support network**

On 25 October, David Byrne, the European Commissioner for Health and Consumer Protection, announced plans for a new EU-wide network to advise citizens on those exact issues. The new network is the first step towards guaranteeing that the new law passed in early October, committing national authorities to working together in the fight against rogue traders and rip-off merchants, is properly enforced by member states. It will be created by merging two existing networks: the European Consumer Centres or "Euroguichets", which currently provides information and assistance on cross-border issues; and the European Extra-Judicial Network which help consumers to resolve their disputes through alternative dispute resolution schemes such as mediators or arbitrators. The new network is due to be launched in early 2005.

#### [For further information](#)

#### **EU / EU legislation: Latest Enterprise DG "Pink Book" now available**

The ninth "Pink Book" list of EU legislation managed by the Enterprise Directorate-General, including 482 directives, is now available on its website. The hard copy version will also be available within a few weeks.

The list includes both "hard" law (legally binding) and "soft" law (implementing arrangements). Where a hard law has been amended, adapted to technical progress, or has had implementing measures added, all the changes are shown.

The "Pink Book" is updated twice a year and this latest edition runs to the end of June 2004.

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[Access the “Pink Book”](#)

## **EU / Innovation: Three new actions launched**

In response to the so far very promising results of two ongoing innovation initiatives, PAXIS and Gate2Growth, on 26 October the European Commission launched three new actions supporting the innovation efforts of European enterprise. The three new actions were launched through a Call for Proposals (FP6-2004-INNOV-6) under the Sixth Framework Programme for Research and Development (FP6). Their objective is to facilitate networking activities of innovative companies and to learn from the most innovative regions how to improve policies in support of sectoral innovation clusters. To further promote innovation at sectoral level, the third action is aiming at the identification of potential barriers to innovation and a better understanding of entrepreneurial innovation processes.

Potential participants are invited to attend an information day in Brussels on 15 November. The proposals must be submitted by 27 January 2005.

[Further information](#)

## **EU / Transparency: EU-25 among least corrupt**

In Transparency International's (TI) Corruption Perceptions Index 2004, released on 20 October, all the EU-25 countries score fairly high. Sixty countries scored below the three points which TI identifies as the benchmark for “rampant corruption”.

The countries with the cleanest slates were Finland, New Zealand, Denmark, Iceland and Singapore. At the bottom end were Nigeria, Bangladesh and Haiti.

[See the full Index](#)

## **COMING UP**

### **EU Institutions: Important Dates**

4-5 November	European Council – Heads of State and Government meet in Brussels
11 November	EU-Russia Summit
12 November	Employment, Social Policy, Health and Consumers Council (Brussels) – Working Time proposal to be debated
15-18 November	European Parliament Plenary in Strasbourg
16 November	ECOFIN Council (Brussels)
22-30 November	European Parliament Committee Week
25-26 November	Competitiveness Council: Single Market, Industry & Research
13-16 December	European Parliament Plenary in Strasbourg

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### Other Events

- 12 November High-level European workshop to present good national and regional policies for stimulating the competitiveness of the ICT sector ([More info & registration](#))
- 16 November Workshop on "Environmental Aspects and European Standardisation" (DGs Enterprise and Environment), Slovenia – ([More info](#))
- 17-18 November “SME perspectives in the Internal Market of 25” Organised by CEA-PME and AFDEE ([More info](#))
- 25 November SME Union Conference The Future of the Lisbon Strategy – Committing Europe for Growth” – Brussels , European Parliament) ([www.sme-union.org](http://www.sme-union.org) )
- 19 November 6<sup>th</sup> European e-Business Support Network (eBSN). Will focus on helping SMEs identify the best e-business tools and services and making them more widely available. ([More info](#))
- 5-7 December 4th European Forum for Innovative Enterprises, Stuttgart. ([More info](#))