



## HEADLINES

### **EU / Hearing\_on the Proposal for a Directive on Services in the Internal Market: Unions and business clash**

On Thursday 11 November a Public Hearing was held on the proposals known as the services directive or the Bolkenstein Directive after the Commissioner who drafted it. The proposals aim at the “liberalisation and deregulation of all service activity in Europe”. The proposed Directive covers a considerable array of services, ranging from management consultancy services, advertising, travel agency services and healthcare.

The Commission believes that the Directive will go some way to completing the single market in services and freeing up its potential. However, Unions and business associations, as well as a range of other interested parties aired very strong and often differing views on the proposed legislation at the public hearing in the European Parliament.

The two main areas of concern are:

- The so-called “country of origin principle” – which means service providers are subject to the laws of their country of origin, rather than those where the service is actually provided. Raising concerns that the rights of workers, as well as consumers, will be compromised. C. Passchier, a representative from the European Trade Union Confederation (ETUC) claimed that “a lot of elements of this Directive touch labour law in a very far-reaching way”
- Healthcare services – Doctors from several countries have raised the worry that the standards of healthcare will fall if the Directive is passed. There are also concerns that healthcare will become too business focused.

Business associations have however, broadly welcomed the Directive. They believe that it will open up markets to competition and spur growth. The American Chamber of Commerce urged EU Member States to adopt the proposals as soon as possible, arguing “adoption of this proposal would lead to a huge reduction of costs for businesses functioning in Europe...a reduction of such costs would boost competitiveness in Europe and consumers and businesses alike would benefit”.

The incoming Commission looks set to stick by the Directive. In his parliamentary hearing, Commissioner designate for the Internal Market and Services, Charlie McCreevy, stated the Services Directive was a vital piece of legislation that did “not open up any areas that have not already been opened up”.

More information on the proposal for a Directive on Services in the Internal Market:

[http://www.europa.eu.int/comm/internal\\_market/en/services/services/index.htm](http://www.europa.eu.int/comm/internal_market/en/services/services/index.htm)

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### EU / Mandelson: Curb on regulation

Speaking at the annual conference of the Confederation of British Industry in Birmingham on 8 November, Commissioner designate for Trade, Peter Mandelson, outlined his plans as part of the incoming Barroso “growth and jobs” Commission. He made it clear that the Commission would be tough on state aid for companies such as Alitalia, the Italian national carrier, Volkswagen, the German car maker and Alstom, the French engineering group, claiming the Commission must “pick some early fights” with member states who are protecting national industries.

Mr. Mandelson said a drive to curb regulation will be a central part of the new European Union executive’s agenda. He warned that initiatives intended to boost business were often undermined by a propensity to over-regulate, with regulation accounting for about 4% of the EU’s GDP. He claimed that action to curb regulation, allied to “more active and effective enforcement” of existing laws to promote trade and investment and the opening up of services could have a “colossal impact”.

Read Mr. Mandelson’s speech in full at:  
<http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/577abfebe84c762880256f4600325c6a?OpenDocument>

### EU / VAT: Commission proposes “one-stop-shop”

The European Commission has presented a proposal to simplify current VAT compliance obligations in a bid to help cross border traders who supply goods and services to other EU member states. The proposal would provide for a “one-stop-shop” system whereby a trader could fulfil VAT obligations for all EU-wide activities in the EU member state where they are based.

The proposal contains six elements designed to facilitate VAT compliance requirements for traders trading across the EU. These include:

- A single VAT number for all supplies made throughout the EU, with VAT declarations made to a single electronic portal that then submits them automatically to the different member states to which the trader supplies goods or services.
- A similar “one-stop-shop” approach for requesting VAT refunds from other member states
- The harmonisation of the categories of expenses for which member states may choose to apply restrictions to the right to deduct VAT.
- Extension of the use of the reverse charge mechanism, whereby a receiving trader rather than the supply trader is responsible for paying VAT.
- The threshold under which traders, particularly SMEs, would be exempt from VAT could be set by member states at a maximum of 100,000 euros.
- The arrangements concerning distance selling of goods subject to VAT would be simplified by introducing a global threshold set at 150,000 euros, calculated on all supplies to other member states.

More information can be found at:  
<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1331&format=HTML&aged=0&language=en&guiLanguage=en>

### IN BRIEF

#### EU / Trade: New Action Plan against piracy and counterfeiting

The European Commission has published a new Action Plan aimed at stopping the progress of worldwide piracy and counterfeiting. This new strategy's cornerstone will be a scheme to enforce existing intellectual property rights (IPR) in third countries.

Two key actions of the new plan are the following: identifying priority countries, with the help of a regular Commission survey of stakeholders, raising awareness about the impact of counterfeiting (i.e. loss of foreign investment and technology transfer, link with organised crime, risks to health, etc.). Other tools will include political dialogue; incentives and technical co-operation, IPR mechanisms in multilateral (including TRIPs); bi-regional and bilateral agreements; dispute settlement mechanism; and public-private partnerships.

More

Information

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/04/255&format=HTML&aged=0&language=en&guiLanguage=en>

#### EU / European Council: Comments from President of the European Council

Dutch PM Jan Peter Balkenende, President of the European Council, has commented that he believes that the Kok Report is a solid report which will be the basis of the Mid-term review next spring, but also one that makes it crystal clear that there is still a lot to do.

A key issue raised at the recent European Council, in conjunction with the Kok Report, is that of ageing populations. The growing number of older people and a stagnation of the number of young raise questions regarding future prosperity and social values. This was emphasised by President Chirac who urged to take action against youth unemployment.

There was a broad consensus on a number of important points and a recognition that all member states face the same challenges, as well as a willingness to share experiences. The crucial importance of the Lisbon strategy was underlined. Commission president designate, José Manuel Barroso, supported this and reiterated that the Lisbon strategy will be a key theme for the new Commission. He will personally monitor progress and coherence.

Priorities were recognised as, growth, productivity and employment.

Read the Presidency conclusions on the European Council 4-5 November here: [http://www.eu2004.nl/default.asp?CMS\\_TCP=tcpAsset&id=5438C5AAB16E4CE38B8689603E7435BE X1X52750](http://www.eu2004.nl/default.asp?CMS_TCP=tcpAsset&id=5438C5AAB16E4CE38B8689603E7435BE X1X52750)

#### EU / Commission: New line-up

On Thursday 4 November at a meeting of the European Council European Commission Chief José Manuel Barroso unveiled his new look line-up, stating "I can say we are back on track. I have worked hard over recent days to build bridges and find a balanced solution". He had previously been forced to withdraw first choice team from a vote, due to the threat of a veto by MEPs. The failure of the new Commission to take office on 1 November has meant that the out-going Commission has been called on to stay in office in the role of "caretaker".

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The controversial Italian Commissioner designate, Rocco Buttiglione, who outraged MEPs with outspoken remarks on homosexuality and the role of women, resigned earlier this month. His replacement was announced as, Italian Foreign Minister Franco Frattini, who Barroso said was “an experienced politician and knows European Union institutions inside out”. Latvian Ingrida Udre had previously been replaced by Andris Piebalgs and the Taxation portfolio passed to the Hungarian László Kovács.

Further hearings will now have to take place for both the two new Commissioners and the one with a new portfolio. These will happen on the 15 and 16 November at the plenary session in Strasbourg. Mr. Barroso will then formally present his revised line-up in a debate on 17 November, with a vote expected on the morning of 18 November.

For further information see: <http://www.euobserver.com/?aid=17692>

### **EU / USA: EU congratulates Bush and hopes to revitalise transatlantic ties**

The EU congratulated US President George W. Bush on his re-election to the White House and also pledged to overhaul transatlantic links strained to breaking point in his first term, on 3 November.

Both EU and US officials said they hoped Bush’s second term of office would turn a new page on the past four years’. Dutch Prime Minister, Jan Peter Balkenende, who holds the EU Presidency sent a personal letter of congratulation to Mr. Bush.

Romano Prodi, the caretaker chief of the Commission, sent his “warm congratulations to President Bush on his re-election after a difficult ballot whose outcome was far from sure”. “Europe will continue to work to strengthen its bonds of friendship and co-operation with the United States” said Prodi.

Prodi congratulates Bush:

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1338&format=HTML&aged=0&language=EN&guiLanguage=en>

### **EU / Immigration: Irish & British fears unfounded**

Six months after the accession of the new EU-10, fears of an invasion of job-seekers have been proven unfounded in Ireland and Britain.

Latest available statistics show that none of the expected flooding of the labour market has taken place. Between 1 May (the enlargement date), and the end of August 28,924 arrivals from the 10 new member states applied for a social security number in Ireland. New arrivals represent 0.25% of the active population in four months, a projection of 0.75% on an annual basis.

For more information see:

<http://www.eubusiness.com/afp/041031021716.zx7ao6ji/view?searchterm=irish,%20british%20fears>

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## CONSULTATIONS

**DG Trade**

**National Charter Reports**

**Closing Date 30 November 2004**

This consultation is aimed at bringing forward new ideas on how to further transatlantic economic integration, to enhance the flow of investment as well as trade, and to identify and overcome obstacles to the realisation of the competitive potential of our economies. In this consultation, the Commission services want to go beyond the annual review of trade barriers on which the Commission and US Government publish reports and to consider more far-reaching ideas.

[http://europa.eu.int/comm/external\\_relations/us/consultation/index.htm](http://europa.eu.int/comm/external_relations/us/consultation/index.htm)

## COMING UP

### EU Institutions: Important Dates

15-18 November	European Parliament Plenary in Strasbourg
15 November	Hearings of Commissioners-designate F. Frattini (Justice, Freedom and Security) A. Piebalgs (Energy) and L. Kovács (Taxation and Customs Union)
16 November	ECOFIN Council (Brussels)
18 November	Vote on European Commission
25-26 November	Competitiveness Council: Single Market, Industry & Research (Brussels)
6-7 December	Employment, Social Policy, Health and Consumers Council (Brussels)
13-16 December	European Parliament Plenary in Strasbourg
17 December	European Council (Brussels)

### Other SME related Events

16 November	Workshop on "Environmental Aspects and European Standardisation" (DGs Enterprise and Environment), Slovenia – (More info: <a href="http://www.albatros-bleed.com/sist-seminar/en-index.html">http://www.albatros-bleed.com/sist-seminar/en-index.html</a> )
17-18 November	"SME perspectives in the Internal Market of 25" Organised by CEA-PME and AFDEE ( <a href="http://www.ceapme.org/html/en.php?page=calendar">http://www.ceapme.org/html/en.php?page=calendar</a> )
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: <a href="http://europa.eu.int/comm/enterprise/library/enterprise-europe/news-updates/2004/29-10-2004.htm">http://europa.eu.int/comm/enterprise/library/enterprise-europe/news-updates/2004/29-10-2004.htm</a> )

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- 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))
- 5-7 December 4th European Forum for Innovative Enterprises, Stuttgart. (More info: [www.fourthforum.org](http://www.fourthforum.org))