



HEADLINES

EU / Regulation: Cutting red tape to be trademark of Commissioner Verheugen

The EU's new Commissioner for Enterprise and Industry, Günter Verheugen, has promised to fight against regulation and reduce the burden of European red tape on business considerably over the next five years, stating "cutting red tape shall be my trademark".

Verheugen said that he would judge each proposed EU law by how it would affect medium-sized businesses, including the controversial chemical directive REACH, claiming he would seek ways to reduce its burden on industry. As an early sign of his intentions Mr. Verheugen commented that the Commission "did not exclude amending its chemicals directive to introduce the principle of "one substance, one registration".

Similar views were expressed at the ECOFIN Council on 7 December, where Ministers have said they want a new system to measure the cost of EU regulations to be in place by June 2005. Gerrit Zalm, the Dutch Finance Minister who announced the initiative (which is backed by past presidency holders Ireland and The Netherlands and future holders, Luxembourg, UK, Austria and Finland), claimed that there is a cultural shift at the European Commission in favour of deregulation. Mr. Zalm wants to emulate the Dutch model, where every regulation has been costed and the government is aiming to cut the burden by 25%.

Mr. Zalm claims that one of the areas where the most onerous burdens are found is in the field of food-labelling. The UK's Better Regulation Task Force has also conducted studies into the area of food labelling, as well as data protection and pollution control and argues that urgent action is needed to get EU regulatory reform back on track. Its Chairman, David Arculus, has claimed that half of all key legislation in the UK originates in Brussels and wants the EU to create an ad hoc body that can simplify legislation where regulations are shown to be unworkable, conflicting or overly complex. Mr. Verheugen has welcomed these recommendations as "constructive and thorough". The Barroso Commission is preparing a paper outlining a common methodology for assessing the cost of EU regulation, present and future.

Speech by Mr. Verheugen at UNICE Competitiveness Day (9 December):

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/04/530&format=HTML&aged=0&language=EN&guiLanguage=en>

Conclusions of the ECOFIN Council:

http://www.eu2004.nl/default.asp?CMS_TCP=tcpAsset&id=5BE49BA12D0A4208AAA8968E33AB510DX1X42535X2

Further information on the UK's Better Regulation Task Force:

<http://www.brtf.gov.uk/pressreleases/2004/eurocitizens.asp>

ESBA Bulletin of 15 December 2004 – Volume 6 – Number 22

EU / Employment & Social Policy Council: No EU working time agreement

The Employment and Social Policy Council of 7 December failed to approve a complete revision of the Working Hours Directive, as although Member States were able to make progress in some areas, they remain divided over the controversial issue of the “opt-out” of the EU’s maximum 48 hour working week.

Germany, The Netherlands and Britain, as well as the majority of Member States backed a compromise package which would enable employees to “opt-out” of the 48 hour week through collective agreements between unions and employers. In the cases where collective agreements do not exist, the “opt-out” would remain on an individual basis subject to the employee’s consent. However, a blocking minority, made up of France, Belgium, Sweden, Greece and Spain remained fully committed to the permanent phasing out of the “opt-out” and voted against the proposals.

Ministers were however able to agree that so-called on-call duty will no longer completely count as working time and that the compensatory recuperative period can now be delayed until a maximum of seven days after the on-call duty.

The proposals will now be forwarded to the European Parliament where MEPs are expected to make a recommendation in early 2005.

Conclusions of the Employment and Social Policy Council:

http://www.eu2004.nl/default.asp?CMS_TCP=tcpAsset&id=8CC182765E994C01AEE8206E9BC7397CX1X40469X84

Questions & Answers about Working Time:

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/04/285&format=HTML&aged=0&language=EN&guiLanguage=en>

EU / ECOFIN: Political agreement reached on implementing Basel II

On December 7 the ECOFIN Council reached a political agreement on directives implementing Basel II and measures to combat fraud in company accounting, which make up part of the wider Financial Services Action Plan to create a single European market for financial services.

In the area of capital adequacy, the Council agreed on two draft directives, which with some amendments will bring the EU’s rules into line with the requirements of Basel II, which sets standards for all internationally active banks.

Firstly, the EU’s Capital Requirements Directive (CRD) will have a wider scope, applying to some 8000 EU credit institutions and investment firms including some small domestic banks. It requires banks to scrutinise the types of risk they face and to be able to satisfy the banking supervisory authority that they hold sufficient capital to guarantee those risks. There are three levels banks can work with, allowing lower capital requirements for banks financing SMEs and small borrowers.

Secondly, the Statutory Audit Directive was designed to deal with financial scandals such as Parmalat and Ahold. The directive clarifies the duties of statutory auditors and sets down obligations of independence and quality assurance. The directive also foresees the adaptation of international auditing standards through co-operation with third country regulators.

The CRD is in the preparatory stage and some implementation is foreseen for the end of 2006, with the more complex issues to be implemented a year later. The general approach reached at the

ESBA Bulletin of 15 December 2004 – Volume 6 – Number 22

Council will be used as a basis for a common first reading in the Parliament. The Statutory Audit Directive is scheduled to come into force in mid-2005, as the Council has requested the Presidency to reach an agreement with the Parliament so that it can be adopted at the first reading.

Conclusions of the ECOFIN Council:

http://www.eu2004.nl/default.asp?CMS_TCP=tcpAsset&id=5BE49BA12D0A4208AAA8968E33AB510DX1X42535X2

EU / Competition: EU needs “Knowledge-based society” to increase competitiveness

Germany and the UK have submitted a joint paper for consideration by Commissioner for Enterprise and Industry Günter Verheugen, suggesting measures to increase competitiveness in the EU. The paper highlights their shared determination to create the conditions in which companies from the EU can challenge competitors in the USA, China and Japan.

At a joint press conference on 30 November the German Economy Minister Wolfgang Clement and the British Secretary of State for Trade and Industry Patricia Hewitt claimed that the major industrialised countries among the EU-25 must help to shape the continent’s industrial policy.

“Our objective is to create a level playing field for European companies” said Clement. The paper outlines their belief that the EU cannot compete with countries like China on wage costs, and therefore needs to be stronger in terms of technology, innovation and competitiveness. Hewitt argued for the EU to focus on developing “a knowledge-based society” rather than “on subsidising loss-making firms”.

Science and Research Commissioner Janez Potocnik has also recognised the need for a “Knowledge and Growth Pact” to complement existing the fiscal mechanism the “Growth and Stability Pact”. The former would ensure, at the micro-economic level, relevant conditions and incentives for a sufficient level of knowledge related investment to revive economic growth and contribute to long-term stability.

Potocnik wants to put research and innovation at the heart of a new EU dash for economic growth and claims the European Commission is set to make new proposals which will be discussed in March 2005.

Speech by Mr. Potocnik:

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/04/516&format=HTML&aged=0&language=EN&guiLanguage=en>

IN BRIEF

EU / Manufacturing: EU technology platform launched

On 7 December the EU launched a European technology platform on manufacturing in an effort to boost its ailing manufacturing base. Around 300 leading public and private manufacturing sector stakeholders participated in the launch event. The platform will gather together and co-ordinate all manufacturing-related initiatives in Europe and aims to ensure the long-term competitiveness of the sector.

ESBA Bulletin of 15 December 2004 – Volume 6 – Number 22

The high level group on manufacturing in Europe also presented its report at the same event. Its conclusions argue that an economy based on service industries alone will not survive in the long term, claiming that “the EU cannot continue without a competitive manufacturing sector”.

The “Manufacture” platform is one of a series of technology platforms, the primary feature of which is the renewal, revival and restructuring of traditional industrial sectors. Platforms on steel, textiles and clothing, and building and planned for the future.

More information: <http://europa.eu.int/comm/research/press/2004/pr0712en.cfm>

EU / R&D: Serious decline in European investment

The first European industrial R&D investment scoreboard reveals that investment in R&D by the top 500 European companies between 2002 and 2003 fell by 2%, whereas in non-EU 500 companies it grew by 3.9%. Europe is therefore seriously lagging behind in its objectives for increasing investment in research to 3% of GDP by 2010.

The scoreboard provides a full picture of the competitive situation of EU firms in the global R&D environment and shows that European R&D investment is both declining and highly concentrated along three dimensions:

- **LARGE COMPANIES** – the top 20 EU companies account for more than 55% of the total R&D investment by the EU-500
- **FEW SECTORS** – the four largest sectors in terms of R&D investment (automobiles & parts, pharmaceuticals & biotechnology, IT hardware and electronics & electrical equipment) account for 67% of the global investment
- **GEOGRAPHY** – companies with registered head offices located in Germany, France and the UK account for 74% of the EU-500 R&D investment

The scoreboard was produced as part of the European research investment action plan.

Access the scoreboard: <http://eu-iriscoreboard.jrc.es/index.htm>

EU / Impact Assessments: New business alliance wants better, independent assessments

Twelve influential industry federations have joined forces to form the “Alliance for a Competitive European Industry” which plans to “fire up” the EU’s Lisbon Agenda. In a common press statement they have attacked the deficiencies of the EU’s impact assessments for future policies and have urged the EU institutions to adopt a more systematic approach.

According to the newly formed Alliance, the EU’s current practice on impact assessments leaves much to be desired. These are some of the concerns they raised:

- They are often one-off exercises, whereas they should be regarded as a continuous process of evaluation
- There is not enough attention for alternative policy options (voluntary, standards, communication campaigns)
- When considering environmental & health benefits subjective considerations instead of quantitative data play a role, and a robust cost-effectiveness analysis would be better than a cost-benefit one alone
- There is a lack of transparency, professionalism, independence and no quality control

ESBA Bulletin of 15 December 2004 – Volume 6 – Number 22

The Alliance's position paper puts forward several recommendations on how to improve the impact assessments, the three key suggestions are:

- More expertise and resources
- An external body reporting to the Council and the Parliament (in the long-term)
- While there is no external body, an expert horizontal unit within the Secretariat General should provide quality control

More information on the Alliance for a Competitive European Industry:

<http://212.3.246.117/1/LGCFBBDJGDGAKKNKHONJIFIIPDBK9DPY2N9LI71KM/UNICE/docs/DLS/2004-02256-EN.pdf>

EU / WTO: Pascal Lamy in running for top position

Pascal Lamy the former EU Trade Commissioner has entered the race to head the World Trade Organisation (WTO). Mr. Lamy, who completed his five year term as the EU's Trade Chief last month, is likely to be the most high-profile nominee for the top job.

Other candidates include Uruguay's former WTO ambassador, Carlos Perez del Castillo, Brazil's current ambassador to the WTO, Luiz Felipe de Seixas Correa and Jaya Krishna Cuttaree, the Mauritian Foreign Minister and candidate for the African, Caribbean and Pacific group of States.

CONSULTATIONS

How to Improve Access to Finance for Small Firms?

The World Bank is hosting an online discussion, moderated by Thorsten Beck, Senior Economist in the Finance Team of the Development Research Group of the World Bank, and Asli Demirguc-Kunt, Finance Research Manager in the World Bank's Development Economics Research Group and Adviser, Operations and Policy Department.

Consultation closes 20 December 2004

For further information & to join the online discussion:
<http://rru.worldbank.org/Discussions/topics/topic57.aspx>

Consultation on The modernized Community Customs Code

A questionnaire on the modernised Customs code Rev. 4 has been devised by the European Commission services in order to give all interested parties a final opportunity to submit comments on how the implementation of the modernised Customs Code will impact on their business or administration.

Consultation closes 15 January 2005

Further information & access to the questionnaire:

http://europa.eu.int/comm/taxation_customs/common/consultations/customs/article_1507_en.htm

ESBA Bulletin of 15 December 2004 – Volume 6 – Number 22

Air Pollution – What Do You Think?

The European Commission is holding an online consultation to receive input on the measures to be included in a new comprehensive European Action Plan to reduce air pollution.

Consultation closes 31 January 2005

Further information: <http://europa.eu.int/yourvoice/forms/dispatch?form=356&lang=EN>

Stakeholder Consultation on the Framework programme for Competitiveness and Innovation (CIP)

The European Commission is seeking input on its ideas for a new framework Programme for Competitiveness and Innovation, to run from 2007 until 2013. The Programme would like to streamline and bring together actions in various policy fields to create a more comprehensive and coherent approach. Alongside instruments to encourage innovation, the Programme would aim to increase the uptake and mastery of Information and Communication Technologies, enhance SMEs' access to finance and stimulate better framework conditions for business.

Consultation closes on 7 February 2005

Further information:

http://europa.eu.int/comm/enterprise/enterprise_policy/cip/consultation.htm

COMING UP

EU Institutions: Important Dates

13-16 December	European Parliament Plenary, Strasbourg
16-17 December	European Council, Brussels
1 January	Luxembourg Presidency of EU commences
10-13 January	European Parliament Plenary, Strasbourg

Other SME related Events

13 January	Civil Society Dialogue general meeting with Commissioner Peter Mandelson Organised by DG Trade (Charlemagne Conference Centre, Brussels) Further information: http://trade-info.cec.eu.int/civil_soc/intro1.php
14 January	Experts Seminar, "Presentation of the mid-term results of the feasibility study of a European statute for SMEs" (Centre Borschette, Brussels) Organised by DG Enterprise For further information & to register (by 8 January 2005) email: francois.becquart@cec.eu.int
20 January	More Energy for SMEs! - Conference in Budapest Organised by SME Union Further information: http://www.sme-union.org/events/index.php?LAN=en&ID=75
25 January	2005 Symposium on SMEs & Transnational Cooperation "Boosting Innovation for a Competitive Europe - Implementing the Lisbon Agenda"

ESBA Bulletin of 15 December 2004 – Volume 6 – Number 22

Commissioners Jan Figel and Janez Potočnik, & the CEO of Sandoz, Andreas Rummelt confirmed as keynote speakers for the event.

Organised by SME Union (European Parliament, Brussels)

Further information: <http://www.sme-union.org/events/index.php?LAN=en&ID=76>

26-27 January Small Business Day 05 (Orebro, Sweden)

Organised by the Swedish Foundation for Small Business Research

See: www.fsf.se/sd05 for the programme and to register online

Register by 14 January 2005