



### HEADLINES

#### **EU / Enlargement: Economic boom should not overshadow the need for reform.**

Whereas the economy of the eastern European countries is going better and better, the Commission is keen to remind to the new entrants that there is still progress to be made on the side of the reforms, if they want to enter the Union without any major backlash.

The states of eastern and central Europe are experiencing an economic boom that contrasts significantly with the situation of western Europe. Poland expects a GDP growth of about 3.5 % in 2003 and between 4.5%/5% in 2004. Slovakia, the Czech republic and Hungary also rank relatively well in terms of growth. The reasons for this recovery are a mix of economic reforms, growing exports, inflow of foreign investments and the start-up of new factories. Higher growth rates also have a lot to do with the fact that these economies are in fact catching up the levels of the West, which induces higher gains in productivity as well as increases in salaries and consumption.

However, a booming economy alone will not help fulfil the requirements of a successful EU accession. On publishing its annual monitoring reports of the new entrants on 5 November, the European Commission warned about some "serious problems" related to the implementation of reforms to reach EU standards, and which that still need to be resolved by 10 countries set to join the EU next May (Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Malta and Cyprus). The Commission is however confident about the outcome of these reforms (ie that enlargement will take place on 1 Mai 2004).

Poland received the longest "to do list", with nine areas in which progresses will be necessary (agencies for EU farm aids system, recognition of professional qualification, veterinary and food safety controls). Slovenia received the best report, with only one problematic area (mutual recognition of qualification)

The Commission also adopted positive reports on three candidate states -- Romania, Bulgaria and Turkey -- which have not been included in the first wave of enlargement.

In order to create a level playing field for entrepreneurs in the current and new member states, ESBA urges the new countries to make the necessary efforts within the next 6 months to fulfil their obligations of membership in those specific areas. ESBA also encourages the EU 15 Member States to learn from the very pragmatic approach followed by several candidate countries, such as Slovenia or Hungary, to reduce regulatory burden for SMEs.

More info:

<http://europa.eu.int/comm/enlargement/report2003/pdf/summarypaper2003fullen.pdf>

See also the Yearbook on candidate countries from Population to Environment:

<http://europa.eu.int/rapid/start/cgi/guesten.ksh?paction.gettxt=gt&doc=STAT/03/128|0|RAPID&lg=EN&display=>

## ESBA Bulletin of 17 November 2003 – Volume 5 – Number 22

### EU / Business: New bankruptcy laws could save business from liquidation

A report analysing the different laws regulating bankruptcy in the member States, the impact they have on business survival, and the factors that can save a firm from bankruptcy or encourage new starts has been published by the Commission. The report on “Restructuring, Bankruptcy and a Fresh Start” has been prepared for the Commission in response to the call in the European Charter for Small Enterprises for an assessment of national bankruptcy laws.

The report identifies several factors that can prevent a business from becoming insolvent, such as expert advice, an option to restructure, up-to-date insolvency laws to encourage settlements. Also, it underlines that clearer legal distinction between fraudulent and non-fraudulent bankruptcies would benefit entrepreneurs willing to save their business. The report assesses not only the economic impact of bankruptcy laws, but also the social consequences on the potential entrepreneurs who are likely to fail again because of current laws. Indicators, benchmarks and good practice examples of early warning mechanisms for foundering businesses, legal systems and insolvency procedures, fresh starts are provided.

Bankruptcy laws have recently been reformed in the UK, Spain and Norway. A review of bankruptcy legislation is under way in Finland. Italy and Portugal have initiated proceedings to revise their insolvency laws. It is hoped that the report will boost the process.

ESBA fully supports the idea of putting as much as possible in the balance to allow entrepreneurs to continue or to start a new business after a first bad experience. As Commissioner Liikanen stated "The fear of going bankrupt is a key obstacle to entrepreneurship and business creation in the EU", we strongly believe that, except in some cases, bankruptcy should be seen part of the normal business life cycle. It is therefore particularly contra-productive, and dangerous for the European economy to stigmatise entrepreneurs (economically and socially) who took risk and are ready to take risk again. To improve the conditions of entrepreneurs, ESBA fully supports suggested measures such as removing outdated and harmful restrictions, disqualifications and prohibitions imposed on those subject to bankruptcy proceedings, as well as early discharge from remaining debts, under certain conditions. ESBA hopes that the Commission will take the appropriate measures to push for an effective implementation of the measures outlined in the report.

More info :

<http://europa.eu.int/comm/enterprise/entrepreneurship/supportmeasures/failurebankruptcy/best-report-en.pdf>

### IN BRIEF

#### EU/ Consumers: First debate on Unfair Commercial Practices at Competitiveness Council

The Competitiveness Council on 10th November debated for the first time the proposal for a Directive on unfair commercial practices. (adopted by the Commission on 18/06/2003). The text aims at achieving the same high level of consumer protection throughout the EU by establishing common EU-wide rules and overcoming barriers to the Internal market. The first reading in the European Parliament is foreseen for early 2004. Ireland is hoping to reach a political agreement during its EU Presidency (January / June 2004).

## ESBA Bulletin of 17 November 2003 – Volume 5 – Number 22

More info:

<http://europa.eu.int/rapid/start/cgi/guesten.ksh?paction.gettxt=gt&doc=MEMO/03/226|0|RAPID&lg=EN&display=>

### **EU / Consumers: Credit for Consumers report sent back to Committee**

During the Plenary Session on 06/11/2003, the Parliament decided to send the report on Credit for Consumers (J. Würmeling, EPP-ES, D) back to the responsible Committee (Legal Affairs & Internal market). J. Würmeling expressed again his dissatisfaction with the draft proposal of the Commission. The proposal (Sept. 2002) aims at harmonising the laws, regulations and administrative procedures across the EU concerning agreements covering credit granted to consumers and surety agreements entered into by consumers. On 11/09/2003 the committee adopted Würmeling's report, rejecting the Commission proposal at 1st reading (codecision procedure).

More info:

<http://wwwdb.europarl.eu.int/oeil/oeilViewDNL.ProcedureView?lang=2&procid=6417>

And

<http://europa.eu.int/rapid/start/cgi/guesten.ksh?paction.gettxt=gt&doc=MEMO/03/218|0|RAPID&lg=EN&display=>

<http://europa.eu.int/rapid/start/cgi/guesten.ksh?paction.gettxt=gt&doc=MEMO/03/218|0|RAPID&lg=EN&display=>

### **EU/ Trade: New free trade area between 7 seven Balkan States**

Seven Balkan States (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Romania and Serbia and Montenegro) announced on 13 November in Rome the near completion of a network of bilateral free trade agreements among their countries. Also, they agreed on the next steps to create a free trade area encompassing 55 million people in South East Europe, open for business and investment. The agreement is expected to boost trade and economic growth, contribute to stabilisation and strengthen their ties with the EU.

More info:

<http://europa.eu.int/comm/trade/issues/bilateral/regions/balkans/indexen.htm>

### **EU / Research : Commission's initiative to improve SME participation into FP6**

The Commission is calling for better involvement of SMEs into the FP6. According to X. Goenaga, head of unit at the Commission's Research DG, SMEs participation in FP6 proposals from the first call corresponds to 13% percent of the available budget, whereas the target set is 15 per cent. The Commission will work on a close monitoring of the contract negotiations, and encourage SMEs to join established Integrated Projects (Ips). This way of participation is indeed less burdensome for SMEs as the consortium is already running.

More info: <http://sme.cordis.lu/news/news.cfm>

### **EU/ Economy: Initiative for Growth unveiled by Commission**

The European Growth Initiative final report, prepared in co-operation with the European Investment Bank, has been sent the European Council to be addressed to its December meeting. It confirms the Commission's initial proposals aiming to speed up investment in the 29 priority Trans-European transport networks, in order to boost the Lisbon Process.

## ESBA Bulletin of 17 November 2003 – Volume 5 – Number 22

More info:

<http://europa.eu.int/rapid/start/cgi/guesten.ksh?paction.gettxt=gt& doc=IP/03/1521|0|RAPID&lg=EN&display=>

### **EU/ SMEs: Commissioner Liikanen calls for a more entrepreneurial Europe**

In its opening address to the 4th EBAN Congress in Milan (13/11/2003) "Entrepreneurship, innovation and finance", Erkki Liikanen, European Commissioner for Enterprise, underlined the role business angels are playing for businesses. He stresses that "Entrepreneurship is a mindset [that] requires the right culture, favourable framework conditions, and then a creative spark from the individual".

More info:

<http://europa.eu.int/rapid/start/cgi/guesten.ksh?paction.gettxt=gt& doc=SPEECH/03/546|0|RAPID&lg=EN&display=>

### **EU/ SME Event: Clever Networking event on 28/11/2003 "Let's push forward European entrepreneurs!"**

The Clever Networking 2003 event will take place in the afternoon of 28th November in Brussels. Clever Networking is the "European networking for top-performing entrepreneurs". The event will take place under the patronage of E. Liikanen, Member of the European Commission, P. Cox, President of the European Parliament and Sir A. Bore, President of the Committee of the Regions. ESBA members interested in participating should contact ESBA (20% discount on registration fees).

More info: <http://www.clever-networking.com/CNstep1.html>

### **EU/ Gender Equality: Proposal to boost equal treatment in access to goods and services**

The European Commission has presented a proposal for a Council Directive on equal treatment between men and women outside the workplace, focusing on the access to and supply of goods and services. For example, the use of sex as a factor in the calculation of premiums and benefits for insurance and related financial services would be prohibited. The proposal will be forwarded to the EU's Council of Ministers for adoption by unanimity, after consultation of the European Parliament.

More info:

<http://europa.eu.int/comm/employmentsocial/news/2003/nov/equalityen.html>

### **EU/ regions: Statistics yearbook shows displays differences**

The last Eurostat's statistical yearbook has been published on 11 November. It provides data on 266 regions of the EU and the Candidate Countries. This publication illustrates both the EU's regional diversity and the links which have developed over recent years between regions, including across national borders.

More info:

<http://europa.eu.int/rapid/start/cgi/guesten.ksh?paction.gettxt=gt& doc=STAT/03/129|0|RAPID&lg=EN&display=>