



### HEADLINES

#### **EU / HEALTH & SAFETY Strasbourg 23/10/2001: EP amends mechanical vibrations directive**

The European Parliament plenary amended in its second reading the Council's common position on the directive on the Safety and Health at work, regarding the exposure of workers to the risks arising from mechanical vibrations (whole body and hand-arm). The directive obliges concerned employers to determine and assess the vibration risks to which its workers are exposed, undertake action to reduce and avoid exposure and provide worker information and training. The directive establishes maximum values which are considered as a high health risk and sets action values which are considered as a potential health risk for the exposure to hand-arm vibrations and whole body vibration. The European Parliament wants stricter daily exposure limits and lower maximum exposure levels than the Council, bringing them in line with international standards (based on the precautionary principle). The European Parliament was convinced that a five-year transition period would be sufficient for companies in the mining, building, manufacturing and transport industries to replace their tools and machinery, as opposed to the Council proposal of a transition period of 6 years (taking into account technical difficulties in implementing the proposal by SMEs), while within the agricultural and forestry sector a possible further extension of two years was permitted (Council proposed three). It is a minimum standard directive, allowing Member States to set stricter rules. The report is now going into conciliation procedure.

#### **EU / FINANCE Strasbourg 23/10/2001: European Parliament rejects idea of Tobin tax**

The European Parliament plenary adopted a resolution setting out ways of improving the workings of the international monetary system and welcomed the Council's decision to call on the Commission to carry out before 2002 a study on globalisation (see ESBA Weekly - Vol 3 - N 39), while rejecting the proposed amendment expressing support for the Commission to study the conditions for the introduction of a Tobin style tax. Still, the EC is expected to come up with the study, including an economic analysis of the Tobin tax. For the rest, the EP favoured a reform of the IMF and supported more involvement of the private sector in crisis management as well as freezing debt repayments for poor countries hit by a solvency crisis. With regards to speculation, the EP supports an approach, allowing emerging economies to protect themselves by introducing complementary measures to accompany the domestic liberalisation of capital.

#### **EU / EMPLOYMENT Strasbourg 23/10/2001: EP support for 2002 employment guidelines**

The European Parliament plenary adopted a resolution welcoming the 2002 employment guidelines and the emphasis to increase the EU's employment rate through further structural reforms of the labour market, and increasing investment in training. In this respect, the European Parliament wants employees to be given the legal right to vocational further training by Member States, to be realised in co-operation with the social partners, which are requested to negotiate a European framework agreement. The Parliament also supported easier access to funding for SME's and warned that the Basle II convention should not increase costs of credit terms for SME's. Furthermore, it supported measures to encourage women's participation in the labour market, by reducing burdens on start-up businesses, simplifying formal procedures required and establishing funds to stimulate new businesses. As the EC reports and analysis (see ESBA Weekly - Vol 3 - N 37) show concretely that

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progress in the entrepreneurship pillar is rather badly reported and further efforts by Member States are still needed (e.g. on issues such as employment rates in SMEs, administrative burdens, simplifying legislation), and as no recommendations to the Member States have been done in this field, ESBA regrets the fact that the European Parliament did not address the issue at all and limited itself to women's participation only when addressing these issues.

### **EU / EMPLOYMENT Strasbourg 23/10/2001: EP amends workers consultation directive**

In its second reading, the European Parliament slightly amended and strengthened the Council's common position on the proposed directive establishing a general framework for improving information and consultation rights of employees in the EU. The proposed legislation would oblige all companies employing 50 or more employees (medium-sized and large-sized companies) in one Member State to put into place a framework, providing details on the company's financial situation and strategic plans, to inform and consult their workers when planning a major company restructuring or the closure of an establishment. Although most Member States have already national law in place dealing with the matter, the proposal attempts to create as soon as possible common European rules on the matter in the form of minimum requirements (see also ESBA Weekly - Vol 3 - N 27), to take into account current economic realities of cross-border company activities. In this respect, the European Parliament did not want to provide extended transition periods to the UK and Ireland for their medium-sized companies (who do not have legal workers information and consultation systems in place yet), like the Council had proposed. Furthermore, the European Parliament now wants to give workers the chance to postpone decisions with significant adverse effects on employees, and also broadened the number of issues on which workers must be consulted. The plenary rejected the following main employment committee's proposed amendments: - for Member States to impose specific and strict sanctions in case of serious violation by the employer of its obligation in the field of worker information and consultation (the principle of sanctions are maintained in the report, but the way sanctions should be established is now left up to Member States); - the amendment to bring down the general transition period down from three to two years (Council suggested three years); as well as The report is now going into conciliation procedure and a compromise is still looked for in 2001, although negotiations could easily be stretched into 2002 due to the controversial nature of the issue. The EC already indicated that only the issue of sanctions was acceptable to them. It has to be acknowledged that SMEs often have already effective informal workers information systems in place and that they need a certain level of flexibility when managing change. The proposed legislation should therefore not imply more administrative burdens and bureaucracy for SMEs, especially realising that the directive was initially based for a great deal on redundancies in recent years announced by some MAJOR European companies, NOT much smaller companies.

### **EU / FINANCE Louvain-la-Neuve 25/10/2001: Outcomes of the SME Finance conference**

The conference on financing SMEs, organised on 24 and 25 October 2001 led to some of the following outcomes: - a need to review the Basel Convention on credit, more specifically a call for impact assessments of SME funding (supported by German Chancellor Gerhard Schroeder); - a more business-friendly form of taxation should be promoted for SMEs, via tax incentives for profit reservation and tax relief to encourage private individuals to invest in the business sector; - more in-depth benchmarking for the funding of business angels network; - the EIB and the EIF should be more focused on contract failures, particularly in the business start-up phase and in the case of small amounts; - in relation to guarantee systems, a partnership needs to be developed further between the public and private sectors, based on shared risk-taking, and there is a need for extended risk capital guarantees on both formal and informal financial markets; - a necessity to develop a European code of conduct on bank-company relationships; and - stimulating the entrepreneurial climate by making it easier to swap information on the capital supply/demand situation, facilitating

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access to intellectual property for SMEs, and to make government funding administrative procedures less complicated. In relation to the SME financing conference, an informal ministerial conference took place on October 26, on scaling down and refocusing state aid. As agreed upon in Stockholm this year, Member States have committed themselves by 2003 to show declining state aid as a percentage of GNP. The meeting served as to prepare the issue for the next Industry Council on December 5. During the meeting, it was noted that the events of 11 September and the current economical context cannot justify massive use of state aids. The ministers confirmed the necessity to be restrictive in awarding specific and sectoral public aid; preference should be given to horizontal objectives (R&D support, innovation, SMEs, start-ups), aid responding to market inefficiencies, the development of innovative instruments which improve the competitiveness and improve the business environment (risk capital, guarantees, fiscal measures) and the identification of good practices.

### **EU / SINGLE MARKET Brussels 26/10/2001: European Banks propose alternative to Regulation**

The European Banking Federation has come up with an alternative for the proposed regulation to harmonise cross-border payments at the end of this year (to take effect partially as from 1 January 2002 and fully on 1 January 2003), by suggesting a voluntary code to gradually reduce the difference in cost between domestic and cross-border payments to zero by the year 2006 (mid 2002: 12 euro for transfers and 3 euro for cash withdrawals, 2004: 8/2, 2005: 4/1, and 2006: 0/0). According to EC sources the proposal is too little, too late. So far, as reported in the ESBA Weekly of last week (Vol 3 - N 43), both the European Parliament and Council have lend full support for the proposed regulation.

### **EU / R&D Brussels 30/10/2001: Facilitating SME participation in European research**

CORDIS, the European Commission's Research and Development Information Service, has redesigned its service web site to help SMEs participate in and benefit from European research funding. The new web site offers clearer and concise information, and step-by step guidance and advice on all specific measures for SMEs, including participation rules, contractual issues, partner search, training opportunities, support contact points and previous research projects.

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

### **EU / SMEs Brussels 02/11/2001: ESBA opinion on the review of the SME definition**

DG Enterprise of the European Commission is currently consulting European organisations on a revised proposal for the definition of SMEs. Having participated in the pre-consultation meeting that took place on Tuesday 9 October 2001, ESBA is in the process to finalise its position paper to contribute to the debate (deadline 9 November). Here are some of the comments that can already be made in our bulletin of this week. - The exercise of reviewing the SME definition of 1996 partially suffers from a lack of analysing the way it has impact on enterprise policy in Europe so far. The European Commission did not carry out any specific surveys before drafting this new proposal and several important data may have influenced the way to review the definition. For instance, it could have been useful to measure the impact of reducing the ceiling for SMEs from 250 persons to 150 or 100 persons. Under current circumstances, it is difficult to have a proper debate on such an issue. - Nonetheless, the draft text indicates a certain effort to take into account some important issues, notably the mis-use of the definition by non-SMEs to get access to specific SMEs initiatives. - The draft text sometimes appeared a bit too complex for most of the organisations which participated in the pre-consultation stage. - Its overall success will depend over its use at EU level and in the Member States. In its position paper, ESBA will notably request a statistical recognition of the single occupant businesses throughout Europe as it appears that such businesses represent more than 50 % of all businesses in Europe. ESBA will also request a more ambitious use of the SME definition for the

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subcategories of micro-enterprises and small businesses in enterprises policies at EU level and in the Member States.

**UPCOMING EVENTS** Faro (P) 4-6/11/2001: Conference launching the BENE network; Theme: Best practice in entrepreneurship training and education. Info: <http://www.bene-europe.org> Brussels (B) 05/11/2001: The Security of European Energy Supply, consequences for SMEs; Theme: Energy, SMEs. Info: <http://www.sme-union.org/activities/sme5november.htm> Brussels (B) 07/11/2001: Meeting between business organisations and the EC, DG Enterprise; Theme: 2001 Best Procedure Report and revised proposal for SME definition. Ghent (B) 13-14/11/2001: Values at work - Prospects for the social economy within the framework of sustainable development; Theme: Employment, Sustainable Development. Info: <http://www.socialeconomy.be/> Brussels (B) 14-15/11/2001: Business Centres: actors for economic development and urban renewal, including the EU Award for Spirit of Enterprise & the launch of the European Fund for Start-ups; Theme: Incubators, Employment, Start-ups,. Info: <http://www.urban-entreprise2001.be> & <http://www.jee.org> Liege (B) 19/11/2001: The role of SMEs in the 6th R&D framework programme; Theme: SMEs, Research, Innovation. Info (copy/paste full link): [http://www.eu2001.be/VE\\_Adv\\_Cal/detail.asp?cat\\_code=C&item\\_id=704&curr\\_page=9&sess=86371191&reference=11%2D01%2E04%2D01&lang=en](http://www.eu2001.be/VE_Adv_Cal/detail.asp?cat_code=C&item_id=704&curr_page=9&sess=86371191&reference=11%2D01%2E04%2D01&lang=en) Brussels (B) 22-23/11/2001: Closing conference European Week 2001 - Prevention of work-related accidents: a different strategy in a changing world of work; Theme: SMEs, Health and Safety. Info: <http://osha.eu.int/ew2001/programme.stm>