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### Political Developments and Institutional Changes

The new Commission has at last been finalised.

<b>Romano Prodi</b>	( 59, Italy, Centre): President of the Commission.
<b>Neil Kinnock</b>	(57,UK,Labour): Vice-President, Administrative Reform.
<b>Loyola de Palacio</b>	( 48, Spain, Conservative): Vice-President, Relations with the Parliament, Transport and Energy.
<b>Mario Monti</b>	(56, Italy, Independant Liberal): Competition.
<b>Franz Fischler</b>	(53, Austria, Conservative): Agriculture and Fisheries
<b>Anna Diamantopoulou</b>	(40,Greece,Socialist): Employment and Social Affairs
<b>Michaele Schreyer</b>	(47,Germany,Green):Budget
<b>Margot Wallstroem</b>	(44, Sweden, Social-Democrat):Environment
<b>Erkki Liikanen</b>	(49, Finland, Social-Democrat): Business and Information Society
<b>Frits Bolkestein</b>	(66, Holland, Liberal ): Internal Market
<b>Philippe Busquin</b>	(58, Belgium, Socialist): Research
<b>Pedro Solbes</b>	(56, Spain, Socialist): Economic and Monetary Affairs.
<b>Poul Nielson</b>	( 56, Denmark, Social-Democrat): Development and Humanitarian Aid.
<b>Guenter Verheugen</b>	(54, Germany, Social-Democrat): Enlargement
<b>Chris Patten</b>	(55,UK,Conservative):External Relations
<b>Pascal Lamy</b>	(52, France, Socialist): Trade
<b>David Byrne</b>	(52,Ireland, Centre-Right): Health and Consumer Protection

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<b>Michel Barnier</b>	(48,France,Conservative): Regional Policy
<b>Viviane Reding</b>	(48,Luxembourg, Social-Christian):Education and Culture
<b>Antonio Vitorino</b>	(42,Portugal, Socialist):Justice and Home Affairs

Although there has been some echoes from the newly-strengthened EPP in the Parliament that they would not ratify the new Commission because of not enough rightist Commissioners, this seems to have blown over and both Aznar and Berlusconi have recently stated that the EPP will vote in favour of the Prodi Commission. Another problem for the EPP was the fact that neither of the two German Commissioners was a Christian-Democrat, but it is realised that this is the prerogative of the German government coalition and not the personal preference of Romano Prodi.

### **The New Political Constitution of the Parliament**

The constitution of the political groups in the Parliament is almost complete. The Peoples' Party (EPP group) has 232 members, the Socialists (PES) 180, the Liberals (ELDR) 50, the Greens-European Alliance (G-EFA) 47, the European United Left (GUE) 42 and the Europe of Democrats and Differences 16. In all, 567 members have already joined a political family. A group is still being built around the French MEPs of the Pasqua/de Villiers list. It could have 21 members. Of Parliament's 626 members, 38 are expected to remain non-attached.

### **Fraud: The Parliament approves the creation of a Supervisory Committee for the European Anti-Fraud Office**

The Conference of Presidents of the European Parliament has approved the five members of the Supervisory Committee of the European Fraud Prevention Office (OLAF). These appointments, proposed by a group of high-level representatives of the three institutions, had already been given the nod by the Council and Commission. The members will be a French professor of criminal law, Mireille Delmas-Marty; an Italian judge, Edmondo Bruti-Liberati; a Portuguese judge, José Narciso Da Cunha Rodrigues; the Secretary-General of Interpol, Raymond Kendall; and German Barrister Harald Noack. Their term will be for three years and they may be reappointed once. The Director of OLAF is to be appointed soon.

### **The Council defines Guidelines with the aim of improving transparency and provision of Information of Community Activities**

The Council has adopted certain new provisions on openness and transparency. Special attention will be given to the early adoption of the legislative instruments on public access to documents mentioned in Article 255 of the Treaty establishing the EC and a correct implementation of Article 207 of the EU Treaty concerning public access to the results of votes and explanations of votes as well as a statement in the minutes when the Council acts in a legislative capacity. Efforts towards openness must be backed up by increased activities providing information on the EU in all the official languages. Cooperation in this field between Community Institutions and between Institutions and Member States is essential.

### **The Council agrees on new rules of Committee procedures to consolidate the Commission's powers of management**

The Fifteen gave the political go-ahead to the new rules governing decision-making at committee level which, composed of representatives of Member States, assist the European Commission in its management of the Community activity. The main innovation to have been introduced in the wake of

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the implementation of the Amsterdam Treaty is the fact that if implementing measures envisaged by the Commission do not secure the required majority within a Committee, the Commission may present a proposal to the Council that may no longer oppose it through a simple majority: a qualified majority will be required. To take account of the reservations expressed by Denmark in particular, the Commission agreed to include a declaration in the decision by which it states that «in the review of proposals for implementing measures concerning particularly sensitive sectors» (environment, health etc.), «in order to find a balanced solution, it will act in such a way as to avoid going against any predominant position that might emerge within the Council against the appropriateness of an implementing measure». The Decision also provides for greater European Parliament involvement in implementing acts adopted by co-decision and greater public information on committee activities. The Decision will be forwarded to Parliament along with an explanatory note from the Council Presidency.

### World Trade Organisation

#### **The European Commission Adopts Guidelines and Priorities for Millennium Round World Trade Negotiations.**

On 8<sup>th</sup> July, the European Commission unanimously adopted the position and objectives it will recommend that the Union adopt for the Millennium Round of negotiations to be kicked off by the World Trade Organisation in November in Seattle. The communication it has forwarded to the Council and Parliament argues that a full round of negotiations is the best guarantee that the interests of all WTO members will be taken into account and that the final barriers to trade will be abolished, making it possible to improve the European economy, promote world economic growth and ensure sound management of the phenomenon of globalisation. The 29-page document reveals an ambitious programme for the negotiation, over three years, of more advanced liberalisation and regulation in the following areas: agriculture, services, customs duties on non-agricultural products, investments, competition, trade facilitation, public procurement and trade and the environment.

#### **Trade Competition: Sir Leon Brittan takes position in favour of agreement in context of WTO regarding compliance with equitable competition rules in World Trade.**

«There is close connection between the WTO objective of trade liberalisation and a commitment to effective competition law enforcement», stated Sir Leon Brittan at an OECD Conference in Paris on the 29<sup>th</sup> June. «It is perfectly possible to envisage a WTO agreement....Between now and Seattle we will need to decide how the trade and competition debate can be advanced. The Community, together with other WTO members, is convinced that we should start a process of negotiations in the WTO. In order to launch this process, we are determined to continue and intensify our dialogue with all our trading partners with a view to seeking a convergence of views».

A WTO framework agreement on competition should, according to Sir Leon, be founded on realistic objectives:

- a commitment to introduce progressively domestic competition legislation, backed up by an effective enforcement structure;
- the taking into account of the core principles on competition law and its enforcement, based on non-discrimination and transparency
- the setting in place of cooperation procedures between States
- the aim of approximation of legislation.

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Sir Leon insists on the importance of pursuing such an objective during negotiations, but that the objective should be not to completely harmonise national substantive rules, but to identify core principles on which agreement can be reached. A commitment to tackle hard-core cartels is a realistic objective in the context of a WTO negotiation. He believes other fields of convergence could also be found and also believes it is well worth entering into a discussion on these areas even if we may well have to conclude, at the end of a three-year negotiating process, that on certain complex issues more analysis and discussions are required. These points could make up a work programme or built-in agenda to be considered following the conclusion of a first WTO agreement.

### **Trade Unions Consider that the Council's Stance on the Millennium Round neglects Social Clauses.**

The General Secretary of the European Trade Union Confederation, Emilio Gabaglio, approached Chancellor Schroeder, the then President of the European Council, over defining the EU's stance for the forthcoming multilateral trade negotiations in the framework of the WTO.

Mr. Gabaglio observes that, in defining the Community stance, some Member States have attempted not to take account of the conclusions of the Cologne Summit, according to which the Millennium Round of trade negotiations should cover, amongst other things, labour standards. The position adopted by the General Affairs Council of 22 June, instead of referring to the Cologne Conclusions, simply makes a reference to the Singapore Declaration on social matters, which, consequently, contradicts the Summit's conclusions.

In his letter to Chancellor Schroeder, Mr. Gabaglio concludes: «I should be grateful if you confirm that the EU's position on this issue is indeed that expressed in Cologne» by the Heads of State and government.

### **The Council confirms and specifies the Union's position with view to a new round of multilateral trade talks.**

On 21<sup>st</sup> June, the General Affairs Council adopted conclusions on the new round of WTO talks to be launched at the WTO ministerial conference in November in Seattle. These conclusions confirm the EU's position on aspects the Council wished to reiterate. Thus:

- the EU reaffirms that only a comprehensive approach can give substantive and balanced results, while a sectoral approach would not allow such results. This is the response to countries that wished to give priority to a few sectors, particularly agriculture;
- the EU confirms the principle of a single undertaking, which means in practice that nothing can be considered settled until there is an agreement on the whole;
- for the agriculture sector, the EU refers to the conclusions of the Berlin Summit on reform of the CAP ( some Member States would have liked the Council to state that this reform represents the gist of the EU position for the new negotiations);
- the EU calls for new areas to be included in the agenda of this round: investment, competition and the environment. For social clauses, it simply refers to the Singapore Declaration ( which does not go very far);
- the EU notes that products from the least developed countries should be allowed duty-free access to the markets of industrialised nations starting in 2003.

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### **EU-USA: New Initiatives by European and American Business to Strengthen Trans-Atlantic Trade (But Differences of Approach to Food Safety are Obvious)**

In the wake of the Euro-American summit in Bonn, the co-Chairs of the Trans-Atlantic Business Dialogue (TABD), Jérôme Monod and Richard Thoman were invited to the Commission where they met with Sir Leon Brittan and the then Commissioner for Industry Martin Bangemann. Speaking to the press, the leaders of the European and American business communities underlined the consensual nature of the TABD recommendations they forwarded to Presidents Clinton, Schroeder and Santer with a view to facilitating trans-Atlantic trade and investment. Unanimity on food safety, though, will be harder to speak about.

Mr. Monod stressed the following TABD recommendations: 1) the setting into place of an early alert system with a view to improving communication and promoting solutions to keep difficulties from turning into conflicts, with possible sanctions in the bargain; 2) proposals on the agenda of the Millennium Round of negotiations that will get underway in the WTO; 3) positive private sector participation in reconstruction in South East Europe; money is not lacking, he said, and the TABD expects public officials to establish a minimum set of rules and guarantees so that investment can take place in a relatively safe environment ( copyright, fight against corruption, etc.)

Mr. Thoman then related the political progress made since 1995 under the impetus of the TABD and the advances expected in the perspective of the forthcoming WTO ministerial meeting: a second agreement on information technology, an agreement on a permanent status quo on customs duties for electronic transactions, WTO support for a business-led framework for electronic commerce and so on. Only about 0.5% of trans-Atlantic trade is cause for dispute, he noted.

### **Single Market**

#### **Tougher European rules on counterfeiting enter into force – implementing regulation on single request for protection to be adopted soon**

The regulation approved by the Council last January on border controls on pirated and counterfeit goods, amending a 1994 regulation, came into force on 1<sup>st</sup> July. The principal changes introduced by the regulation are: the extension of monitoring to patented goods; the possibility of conducting checks in free zones, prior to customs clearance of products; the single request for protection for Community trademark rights holders.

The entry date was 3<sup>rd</sup> February 1999, shortly after the publication of the regulation in the Official Journal (L27), but application of the regulation was postponed to 1<sup>st</sup> July to give the European Commission time to prepare an implementing regulation for establishment of the single request. This implementing regulation will introduce a uniform application form for all Member States. When filed with authorities of any Member State, the form will automatically be forwarded to the customs officials of the other States, who must check to see whether pirated or counterfeit goods related to the trademark in question are being brought into the European Union.

Although this implementing regulation has not been adopted yet, the provisions of the basic regulation have nevertheless been in application since the 1<sup>st</sup> July. As for the single request system, sources at the European Commission explain that it is already in force but that the single form is not compulsory since the implementing regulation has not been adopted yet. This draft is expected to be presented to Member State experts in the course of this week and could be approved very quickly so as to enter into force in early August.

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### **In amending the proposal for the protection of designs and models, the Commission aims to establish a Single Community Registration Procedure (vehicle spare parts not covered)**

The European Commission has presented an amended proposal for regulation on Community designs and models, setting in place a single procedure with the Office for Harmonisation in the Internal Market, located in Alicante in Spain. Under the proposed Regulation, once a design has been registered with this office, it qualifies for protection in all fifteen Member States. The procedure prevents all risk of conflict arising from the existence of an exclusive right in one Member State and not in the others. Community registration would exist alongside national registration, because of the fact that the amended proposal contains all the relevant provisions on substantive design law featured in Directive 98/71/EC ( which harmonises national rules on design protection). This procedure would «encourage innovation and help to prevent counterfeiting and piracy by providing for protection of industrial designs throughout the EU's single market.

The proposal, however, does not yet provide for the protection of designs and models of spare components of complex products (e.g. visible car spare parts), as Directive 98/71/EC does not harmonise the design laws of the Member States on this issue, but simply allows Member States to maintain their existing rules and change them only if the purpose is to liberalise the market for such parts.

The proposal should be adopted unanimously by the EU Council, after consultation with the European Parliament.

### **Small And Medium Sized Enterprises**

#### **The Fifth Eurostat Report on Enterprises in Europe Confirms the Leading Role of SMEs, which fuels the Creation of Jobs.**

The EC Statistical Office has published its fifth report on enterprises in Europe. In the preface, Guy Crauser, Director General of the Commission's DG23, and Yves Franchet, Director General of Eurostat, note that two million companies are created in the EU every year. They add that the objective is to support and facilitate the establishment of new enterprises as well as to assist them in surviving and growing after their establishment.

The EU has 18 million SMEs that employ 66% of the workforce and account for 55% of turnover. They represent 99.8% of all enterprises, excluding those in the agricultural and non-market sectors. The employment share of SMEs is variable in terms of sectors. They account for only 23.8% of jobs in industry and energy, 78.8% intrade and Horeca, 46.6% in transport and communication, 68.9% in business services and 73.2% in other services.

According to a cautious estimate, in the mid -1990s, nearly two million new firms turned up in business every year, or around 12% of the total stock of EU enterprises. On the other hand, 1.6 to 1.8 million (9-10% of the total) vanished every year. So business creation is much more frequent than closures. This trend is valid for Italy (+6.3% in 1996) and the Netherlands (+66.7% in 1994). The UK is the only Member State where the number of closures was higher (+5.5%) than the number of new firms created.

This report also notes that SMEs fuel job growth but that jobs in small firms are less stable. It states that a higher share of employees work part-time. Jobs in very small enterprises are more often of limited duration and workers remain with the same employer for a shorter time!!!

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**News from the last consultation meeting with DG XXIII 6th July from 10:00 to 12:30**

### **1st Item: DG XVI draft guidance for the Structural Funds**

Dr. Manfred Rosenstock from Directorate General XVI (Regional Policy and Cohesion) presented the new draft guidance for Structural funds programmes in the period 2000-2006 which will be used to evaluate the programmes which will be presented by EU members states and regions in the coming months for their insertion in the Structural Funds policy:

3 main themes have been decided for this new round of EU structural funds:

- Conditions for growth and employment: regional competitiveness
- The European employment strategy: a key priority for the Community
- Urban and rural development and their contribution to balanced territorial development

### **2nd Item: Presentation by Deloitte and Touch of the Evaluation Report on DG XXIII's Third Multiannual Programme**

Richard Doherty from Deloitte and Touch presented the main results of the evaluation carried out by D&T on the Third Multiannual Programme for SMEs. Mr. Doherty indicated that the evaluation approach focused on four main elements:

- Quality of design
- Quantitative impact
- Qualitative impact
- Cost effectiveness

In general, the report is positive on the Multiannual Programme for SMEs. Points of criticism concern mainly the pilot-actions which are not showing any substantial results. Richard Doherty also indicated that radical decisions might need to be taken on BC-Net – BRE if the recent improvements (use of an intranet) do not increase the rate of participation of the intermediaries in these networks. The report also stresses that some of the members of the Article 4 Committee (The Committee of Representatives of Member States consulted in the framework of the SMEs policy) are rather ignorant of the detailed content of Commission's activities and that the process of consultation between the Article 4 Committee and DG XXIII should be improved to ensure good co-ordination between activities undertaken in Brussels and at Member State level.

Copy of the summary report is available in English and French at ESBA Brussels. A full copy of the evaluation report by D&T will be soon available by electronic mail.

### **3rd item: Presentation about guidelines for SMEs in the Cosmetics Industry on the Use of Alternatives to Animal Testing**

Dr. Lee Bansil, from Directorate General III (Industry) made a presentation on the challenges faced by the SMEs in the Cosmetics Industry with the Directive 76/768EEC (The Cosmetics Directives) which will ban the use of Animal Testing on substances used to produce cosmetics. While most multinationals are today able to digest the costs of Alternative methods (in-vitro testing), most SMEs in this sector will face difficulties to adapt in the coming months. This concern results in the preparation of practical guidelines by DG III (to be ready in September 1999). One of the issues raised during the meeting is that the Sectoral Federation, COLIPA, only covers a small proportion of SMEs in

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its membership. The Commission therefore looks for alternative methods to disseminate the message.

### Environment

#### **Council Agreements on Revision of Ecol-Label and EMAS Regulation, «Life 3» Programme and other significant proposals.**

Tumultuous deliberations on the modification of rules on the marketing of genetically modified organisms and the much decried postponement of a vote on the end-of-life vehicles directive took centre stage to the point of eclipsing the results of the Environmental Council held in Luxembourg. Many achievements materialised though.

The system for the granting of the Community eco-label has been modified. Interesting developments include the establishment of an EU eco-label office, the postponement of an annual fee charged for use of the label and a reduction of this fee for SMEs and manufacturers in developing countries.

The Council reached a political agreement on the revision of the Community Environmental Management and Audit system, which aims to expand this voluntary system which is currently restricted to the industrial sector to all enterprises whose activities are likely to affect the environment. The common position will be formally adopted without debate at an upcoming Council and transmitted to the Parliament for second reading within the framework of the co-decision procedure.

The Council reached a political agreement on a Regulation establishing the budget for and objectives of the «Life» financial instrument for the environment, for the period from 1<sup>st</sup> January 2000 to 31<sup>st</sup> December 2004. The Ministers agreed on a budget of €613 million. Priority will be placed on an increased Life contribution to the development of environmental legislation and to projects in third countries bordering on the Mediterranean and Baltic Sea other than the countries of Central and Eastern Europe that have signed association Agreements with the EU. The Regulation must be formally adopted, after Parliament's second reading, before the end of the year as Life expires on 31<sup>st</sup> December 1999.

Other agreements were also reached on waste incineration, noise-emissions from open-air equipment and pollution from tractors.

### EU Enlargement

#### **The Commission prepares negotiations with Applicant States with a view to gradual and orderly development of reciprocal agricultural trade.**

The Commission has entered into study concerning negotiation with the 10 Central and Eastern European Applicant Countries of the next steps towards full liberalisation of agricultural trade, under the quantitative formula recommended by Franz Fischler.

The personal idea of the current Agriculture Commissioner consists of switching at the start of next year to a quota system, whose volumes would gradually be increased in line with the abolition of the customs duties on imports and subsidies on exports that currently govern trade between Eastern and Western Europe. Exploratory talks began in April at official level and last week at ministerial level.

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Member States have been polled, in the Council's enlargement working group. «Reactions are relatively positive at this stage», said the Commission spokesman.

The suggestion by Mr. Fischler, the first to circulate since the General Affairs Council launched an invitation in April, would make it possible to control inflows of low-price products from Eastern Europe into the West and to away with recurrent tensions related to export subsidies for Community producers. The objective of the negotiations that will start in the fall and end late in the year is to expand the scope of tariff concessions on agricultural products granted mutually in the context of Europe Agreements with Estonia, Latvia, Lithuania, Hungary, Poland, Bulgaria, Czech Republic, Romania, Slovakia and Slovenia.

In its decision authorising the opening of these negotiations, the General Affairs Council stated that additional concessions could be considered product by product, on a balanced and reciprocal basis, taking into account the volume of East-West trade, the particular sensitivity of the agricultural products concerned, common agricultural policy rules and the agriculture policy of the associate countries.

### Social Affairs

#### **Ministers of Labour and Social Affairs Examine Employment Problems for Workers over Age 45**

An informal meeting of EU Labour and Social Affairs Ministers discussed on the 8<sup>th</sup> July problems of employability and employment of ageing workers. Discussions were based on a working paper entitled «Programme on Ageing Workers 1998-2002 – the Issue of Ageing up for Discussion».

Themes discussed include reorganisation of work; working capacity; social protection; age discrimination; conservation of good physical and mental health; flexibility at work; methods of management; diversification and the development of employment services; part-time work; flexible working time arrangements and measures to develop work communities and the interaction between members of the labour force of different ages.

#### **Agreement by Social Partners on Fixed-term work is formally adopted by Council as a Community Directive.**

The EU Council has adopted the directive on the framework agreement on fixed-term work concluded by the European social partners, Unice (employers), ETUC (unions) and CEEP (public enterprises). This agreement aims at ensuring the principle of non-discrimination against fixed-term workers in relation to their permanent counterparts and contains measures to prevent abuse arising from the use of successive fixed-term employment contracts (which are theoretically banned or subject to strict conditions). The framework agreement also sets out general principles and minimum requirements relating to fixed-term work, recognising that their detailed application needs to take account of the realities of specific national, sectoral and seasonal situations. It will apply to all fixed-term workers with the exception of those placed by a temporary work agency at the disposition of a user enterprise.

### Taxation.

#### **ECOFIN Council Meeting**

Mr. Santer pointed out that the objective was to bring the taxation package, including a list of services eligible for reduced VAT rates, to a conclusion at the December European Council, an objective recognised and supported by almost all the Ministers.

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It seems that a list of targeted sectors for VAT reduction will be drawn up by the end of July, and each State should announce the sectors where it would apply the reduced VAT before 1<sup>st</sup> September. Austria, Germany and the UK do not appear very enthusiastic while France (renovation of buildings), Belgium (urban renovation in areas of difficulty) and Holland (repairs of bicycles and footwear) are more keen.

The German and British Ministers stressed the necessity of authorising fair tax competition, but combating unfair competition. The Austrian Mr. Edlinger insisted that the compromises that will be needed must not lead away from the objectives being sought, whilst Swedish Minister Ringholm suggested «beginning with a study of specific provisions for energy-intensive industry». In this regard, Spanish Minister Rato was markedly more cautious, noting that this debate could only be opened if its effects on competitiveness and purchasing power in Member States were taken into account. In contrast, Dutch and Belgian Ministers Zalm and Reynders took a more offensive stance in regard to the energy tax. «If we cannot come together on this as Fifteen, maybe we should try working at different speeds», said Zalm.

### **Monti urges a Single Market of Pension Funds and for the Achievement of a Tax Package**

European Commissioner Mario Monti tackled the tricky problem of retirement in Europe in an interview published by La Repubblica on Monday 5<sup>th</sup> July. «To restore the employment situation, in depth structural reforms are needed including retirement», said Monti. Recalling the place that Romano Prodi had given to the problem of the ageing European population in his first speech at the European Parliament, he states: «The next Commission should give citizens the sign that Europe is dealing with their retirement». He continues by saying that a single market of pension funds should be created and points out that the Prodi Commission will find among its dossiers a directive with this objective.

Regarding the European dimension of tax evasion, Mr. Monti stresses that, by building the «real Europe, we also want to destroy an unfit Europe, that is, the ability to escape taxes by taking advantage of the free movement of capital. The more the preferential niche is reduced, the more the taxable base is enlarged and taxes can be reduced.» «An end must be put to the tax system which is a weapon directed against labour and enterprise», said Monti, for whom Europe must at the same time pursue structural reform and develop its social dimension. In his view, this would be «paradoxical if the European governments, a large majority of which are headed by socialists, were not to come to an understanding on the full achievement of the tax package (as in this case) tax pressure on capital would fall gradually to zero, while that on labour would climb to the stars.

## **Banks**

### **The Commission prepares a Communication on a «European Area» for payments and continues examination of charges levied by Banks on Exchange Operations in the Euro Zone**

The spokesperson for Mario Monti takes stock of the Commission's work on:

**The single European Area for Payments.** The Commission had announced in early February that it was planning to publish, in the spring, a communication giving a framework for the accomplishment of a single European payments area (banking cards, cross-border payments etc.). The work is still in progress as several aspects are highly complicated. It is difficult to state whether the communication will still be adopted by the Santer Commission, or whether the draft will be handed down to the Prodi Commission.

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- **Bank charges on Exchange Operations in the Euro Zone.** Following certain indications that highlighted the existence of excessive charges, the Commission had called on banks in the euro zone to present detailed information on the growth of bank charges for exchanges of banknotes and trans-border payments after the introduction of the single currency. Some information has been provided to the Commission, but is far from complete. The Banking federation pointed out problems in the wake of Karel Van Miert's initiative to investigate certain banks' behaviour, after conducting searches in eight banking establishments in four Member States. The federation raised a legal issue: banks could not provide data that could be used against them in the competition investigation. The Commission provided assurances in this area and expressed hopes that data flows would return to normal.

### Miscellaneous

#### **EU/Internet: The Council adopts its «Common Position» on the proposal of a directive on Electronic Signatures**

The Council, much to the pleasure of the meeting of European Culture Ministers, formally approved on Monday, without debate, its «common position» on electronic signatures, thus referring the text to the European Parliament for a second reading. Initiated in the aim of ensuring the functioning of the Internal Market in the above field, the directive indicates a series of criteria used as a base for the recognition of electronic signatures. According to the Council, it will facilitate the use of such signatures and will allow consumers and enterprises in Europe to fully enjoy the opportunities provided by electronic communications. The text has already been the subject of a political agreement during the Telecommunications Council of 22<sup>nd</sup> April.

The Council also formally adopted its resolution on the measures for tackling the computerisation problem of the year 2000.

#### **EU/Business: A Report by the European Employers (UNICE) to Romano Prodi highlights grave shortcomings in the EU in encouraging the spirit of entrepreneurship.**

The weakness of entrepreneurship in Europe and systematic failure of the policy conducted by European governments in setting up an environment more favourable to the spirit of entrepreneurship: these are the main observations of a new 1999 report by Unice on performance, entitled «Fostering Entrepreneurship in Europe» and which Unice's President, Baron Georges Jacobs, presented in Brussels. Launching an appeal for the mistrust towards companies to be broken, Georges Jacobs declared: «Europe needs more jobs. Yet it is entrepreneurs who create more jobs. Europe therefore needs more entrepreneurs, especially among SMEs». Given the great importance that Unice attaches to this issue of the spirit of entrepreneurship, President Jacobs handed this report to Romano Prodi to attract his attention to the issue.

Regarding the first observation – the low spirit of entrepreneurship, especially when compared to the USA – Jacobs commented: «here resides one of the main reasons for lower economic growth and higher unemployment in Europe...the main obstacles to a more dynamic spirit of entrepreneurship in Europe are essentially too rigid markets, excessive weight of the State in the economy and much too heavy a global fiscal burden». For the second observation – the systematic failure of policies conducted by European governments in setting up an environment conducive to the spirit of entrepreneurship, the President considered that «lessons need learning from other parts of the world» and that «the governments of Europe must act promptly to reduce the size of the public sector and the overall weight of taxation; abolish regulations that cramp competition and the

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development of new markets; reform the regulations of the labour market that impede new forms of work organisations and promote the spirit of entrepreneurship throughout Europe».