

ESBA Presidency Bulletin of 12 July 2007 – Portuguese Presidency



HEADLINES

Priorities of Portuguese Presidency

On 1 July 2007 Portugal took over the Presidency of the Council of the European Union, which it will hold until 31 December 2007. The Portuguese Presidency will focus on three main goals: **strengthening economic integration, reinforcing Europe's role in the world and reinforcing its political underpinnings**. These aims are part of an 18-month Programme in force since the beginning of 2007, prepared together with Germany (which held the previous Presidency) and Slovenia (holder of the upcoming Presidency).

The Portuguese Presidency intends in particular to work on: Climate Change and energy issues, the Single Market Review, preparations for the 2008-10 cycle of the revised Lisbon Strategy, the Sustainable Development Strategy, initiatives on SMEs, the European Social Model, Competitiveness, Research and Innovation, and Economic and Social Cohesion.

ESBA welcomes the Portuguese assumption of its position at the head of the Council – a position, which Portugal now holds for the third time since its accession in 1986. The development is particularly significant for ESBA, due to its close ties to the Portuguese SME community through member organisation PME Portugal. Portugal has set itself an ambitious agenda with numerous policy areas, which are highly relevant to SMEs. ESBA is confident that Portugal will deliver its goals effectively, provided it places SMEs at the heart of its Presidency.

The following sections will examine particular policy areas and outline key issues for SMEs, which must be taken into account by the Presidency.

FOCUS

Reform Treaty

The European Council, which took place under the German Presidency in June, gave the Portuguese Presidency a mandate to call an **Intergovernmental Conference** with the aim of drafting a Treaty amending the existing Treaties. The Portuguese Presidency is committed to open an IGC on 23-24 July and to finalising its work on the Reform Treaty at an informal Summit in Lisbon on 18-19 October.

The Reform Treaty is designed to allow the EU to move beyond its constitutional impasse. ESBA recognises the importance of moving forward. However, by removing the commitment to free competition from the EU's list of objectives, the European Council risks undermining its goal of becoming the world's most competitive economy by 2010. Although the Commission insists that a separate Protocol will provide a sufficient guarantee for competitiveness, the risk is that this aim will lose its place at the centre of EU economic policy. ESBA calls on the EU to resist any further dilution of this vital principle.

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Energy and Climate Change

The Portuguese Presidency will continue to deal with the question of **Climate Change** and making progress towards a sustainable **Environmental and Energy Policy for Europe**. The key objective will be to work towards the completion of an internal market for gas and electricity. The Portuguese Presidency will also launch an intense debate on appropriate Commission proposals, such as the Strategic Energy Technology Plan and the Renewable Energy Directive.

Other priorities include: establishing the requisite legal framework for renewable energies; the adoption of the European Strategic Energy Technology Plan, energy efficiency and EU initiatives on the external aspects of energy policy.

Whilst **challenges** are apparent in the legislation arising from the proposals, the ESBA Annual Event identified significant **opportunities** for SMEs to help confront climate change and to participate in the future EU Energy Regime. This should not only include binding targets for renewables and biofuels (as already endorsed by the Council), but also incentives, support and funding for SMEs engaged in research and innovation in these areas and in the field of energy efficiency. Other SMEs should be encouraged to become more efficient through free energy audits, financial assistance and tax incentives, but not through punitive taxation, which punishes SMEs unable to afford the change.

Finally, it is of fundamental importance that Member States' governments do not bow to the pressure of huge energy companies seeking to avoid the ownership unbundling of energy supply. Only a fully integrated, Europe-wide grid system will ensure competition, prevent artificially high energy prices and allow clean energy sources to supply energy across Europe.

Lisbon Agenda and Competitiveness

7 years after the launch of the **Lisbon Strategy**, the Portuguese Presidency has announced its intention to work to strengthen economic integration of the EU in order to make the EU the most competitive, knowledge- based economy in the future. The Portuguese Presidency will assess the second round of National Reform Programmes submitted by Member states and prepare for the next cycle, which will start in 2008.

The Portuguese Presidency will also work on the conditions for the establishment of a new agenda for the **Internal Market**. Particular attention will be paid to the internal market for financial and postal services, the fight against tax evasion and fraud. In order to increase the effectiveness of the Internal Market, the Portuguese Presidency intends to take forward the "Better Regulation" programme and work on the reduction of bureaucracy and administrative burdens.

SME related issues play an important role within the priorities of Portuguese Presidency and small businesses are as such recognised as the "backbone" of Europe's business sector. The aim of the Portuguese Presidency will therefore be to foster a new European debate focused on strengthening the competitiveness of SMEs, especially regarding their access to finance. The Portuguese Presidency intends to operate under the "Think Small First" principle and will try to improve the operating conditions for SMEs. This includes endeavors to facilitate the access for SMEs to relevant Community programmes, such as the 7th Research Framework Programme and the Competitiveness and Innovation Framework Programme. The Presidency will also work on the midterm review of a modern SME policy and its follow-up.

The priorities of the Portuguese Presidency apply also to **innovation, research and education**. The Portuguese Presidency will continue to work on the Action Plan for Innovation and will launch a debate on future research and technology policy in Europe. Its aim is to establish a European policy aimed at attracting highly skilled workers through modernising higher education and strengthening life-long learning. One of the Portuguese priorities will also be to take a final decision on the Regulation for the European Institute of Technology.

While ESBA welcomes the renewed commitment to making Europe 'the world's most competitive economy', there is still some way to go before it can become a reality. Some European governments are showing worrying trends towards protectionism to help large companies whilst stifling the ability

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of small businesses to set up easily and trade unhindered across the EU. SMEs are indeed the “backbone” of the European economy and the Portuguese Presidency’s intention to drive the ‘Better Regulation’ initiative forward is fundamentally important to small businesses. Similarly, the drive for innovation and improved education is crucial. ESBA urges the Presidency to ensure that the Council consults with the SME community to ensure that the ‘think small first’ principle informs decisions on which legislation to remove, and which structures must be put in place to stimulate innovation, education and training for and within SMEs.

Employment, Social Affairs and Gender Equality

With the aim to promote the **creation of more and better jobs**, the Portuguese Presidency intends to launch a European debate on the role of employment policies and methods of coordination. In this context a focus will be put on the concept of **flexicurity**, as announced in the recent Commission Communication, and in particular on: life-long learning, social protection mechanisms, active labour market policies, functional flexibility and the differences between the situations and models of the Member States.

The priorities include also the **social responsibility** issues, namely: social inclusion, the fight against poverty, reconciling work with personal and family life and gender equality in all policy domains.

ESBA believes in the social responsibility of employers and believes that gender equality is fundamental to a thriving, modern economy. However, ESBA calls on the Council to ensure that labour law does not become overly skewed in favour of the employee at the expense of the employer. By compromising the flexibility of the European labour market, the EU’s economy would sacrifice the efficiency of European companies. This could only result in poor growth, poor economic performance and loss of jobs. In the medium to long term, inflexible labour markets punish employers and punish employees.

CONCLUSION

ESBA welcomes many of the priorities of Portuguese Presidency and appreciates the emphasis being put on Internal Market, competitiveness and SME issues. An effective European Union can only be founded on a well-functioning Internal Market with strong and competitive SMEs. This is possible through better regulation; with less bureaucracy and fewer administrative burdens; a more flexible labour market; and investment in innovation, research and education.

ESBA recognises that it is important for the EU to agree on the Reform Treaty but regrets the June Summit’s decision to remove the commitment to free competition from the EU’s list of objectives. However, ESBA welcomes the commitment of the Portuguese Presidency to continue working on Climate Change and energy issues. It hopes that a sufficient emphasis will be placed on the integration of energy markets and on biofuels and renewables – both energy sources which provide opportunities for SMEs to become involved in research and innovation and energy supply.

ESBA believes that the priorities of Portuguese Presidency are a good start and hopes that its objectives will be transferred into concrete actions and results.

For more information on Portuguese Presidency priorities, please go to:

http://www.eu2007.pt/NR/rdonlyres/6C297B28-6A54-4C76-9E70-DDFD4C1B1B21/0/CadernoPrioridades_Ingles.pdf

For more information on the Council’s 18-month programme, please go to:

http://www.eu2007.de/includes/Download_Dokumente/Trio-Programm/trioenglish.pdf

To access the official website of Portuguese Presidency, please go to:

<http://www.ue2007.pt/UE/vEN/>

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CALENDAR

Meetings of Heads of State and Government and of the Council of the European Union:

Economic and Financial Affairs Council/ ECOFIN:

10 July 2007
09 October 2007
13 November 2007
23 November 2007
04 December 2007

Competitiveness Council:

27-28 September 2007
22-23 November 2007

Transport, Telecommunications and Energy Council:

01-02 October 2007
29-30 November 2007
03 December 2007

Environment Council:

30 October 2007
17 December 2007

Employment, Social Policy, Health and Consumer Affairs Council:

05-06 December 2007

Education, Youth and Culture Council:

15-16 November 2007

Informal Meeting of Heads of State and Government, Lisbon:

18-19 October 2007

European Council, Brussels:

13-14 December 2007

Other SME related events organized by the Portuguese Presidency:

5-7 July 2007 Informal Meeting of Employment and Social Affairs Ministers, Guimaraes/ Portugal
6 July 2007 Workshop on Modernisation of Public Administration and its Impact on Competitiveness, Lisbon
11-12 July 2007 Seminar Renewables 2020: Towards 20%, Lisbon
12-13 July 2007 Conference Reconciliation of Working, Private and Family Life; New Challenges for the Social Partners and Public Policy, Lisbon
19-21 July 2007 Informal Meeting of Ministers responsible for Competitiveness (Science, SMEs and Industrial Policy), Lisbon
13-14 September 2007 Conference on Flexicurity: key challenges, Lisbon
14-15 September 2007 Informal Meeting of ECOFIN Ministers, Oporto, Alfandega/ Portugal
17 September 2007 1st Forum on Public Interest Social Services, Lisbon
17 September 2007 Conference on Energy XXI: Regulatory Challenges, Lisbon
22 September 2007 Mobility Week, various places
24-25 September 2007 International Conference on Energy Efficiency, Estoril/Portugal

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28 September 2007 International Conference on the Lisbon Strategy and the Fight Against Tax Fraud and Evasion, Lisbon

3-4 October 2007 Conference of Experts in Gender Equality: Employability and Entrepreneurship, Lisbon

8 October 2007 Seminar Shaping Energy Market Integration, Lisbon

9 October 2007 Conference on Employment in Europe- Perspectives and Priorities, Lisbon

9 October 2007 Seminar on Financial Innovation on the SMEs Market, Estoril/ Portugal

10 October 2007 High Level Meeting on the Future of Science in Europe, Lisbon

17 October 2007 Conference on European Corporate Governance, Lisbon

1-2 November 2007 International Labour Organisation Forum on Dignifying Work for Fair Globalisation, Lisbon

6 November 2007 Conference on Improving Quality and Productivity at Work: The New Community Strategy for Health and Work Security 2007-2012

12-13 November 2007 Conference on Business and Biodiversity, Lisbon

13 November 2007 Conference on Information and Communication Technology: Uptake for SMEs Competitiveness, Lisbon

15 November 2007 Conference on European Competition Day, Lisbon

16 November 2007 2nd Lisbon International Conference on Competition Law and Economics, Lisbon

7 December 2007 European Enterprise Awards- Ceremony in Portugal, Oporto

7 December 2007 Conference on SMEs and Entrepreneurship, Oporto/ Portugal

To access the official Calendar of main events during the Portuguese Presidency, please go to:

<http://www.eu2007.pt/NR/rdonlyres/07ECF2C2-BB09-4470-960C-CF0A5D98E094/0/AnexoENCalendarmaineventsofthePortuguesePresidency27JuneFINAL.pdf>

To access the Provisional Agendas of Council meetings, please go to:

<http://register.consilium.europa.eu/pdf/en/07/st11/st11267-re01.en07.pdf>

and: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/fc/95054.pdf

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