



Euro News

The UK Network of Euro Info Centres
Issue 6 : November

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Questions and Answers

Question:

What rights do I have under the 1999 Guarantees Directive?



Answer:

The Guarantees Directive was implemented in the UK by the Sale and Supply of Goods to Consumers Regulations on 31 March 2002. The aim of the directive is to ensure that consumers have reasonable redress whenever and wherever they buy goods within the EU. In the UK this means that consumers have a specific right to repairs or a replacement if goods are faulty. If a fault appears in a product within six months and the retailer disputes the claim, it is up to the retailer to prove that there was not a fault at the time of sale.

There has been a lot of confusion as to whether or not this directive introduced a two-year manufacturer guarantee to EU consumers. It does not - it only introduced a two-year limited period (six years in the UK) within which a consumer can seek redress for a fault that was there at the time of delivery. The other misconception is that this directive applies to business-to-business (B2B) sales. Again, it does not - it only applies to business-to-consumer sales (B2C).

For further information see

http://www.dti.gov.uk/ccp/topics1/facts/saleofgoods_directive.htm.

Bradford EIC is quick to help

This case study shows how one company has reaped rewards from Bradford EIC's services.



Shipley-based Alfred Bagnall & Sons has long been aware of the business opportunities in the public sector.

The company, which was founded over 100 years ago and is still owned and managed by the family, counts a number of public sector organisations amongst its clients. As well as painting and decorating, Bagnalls offer specialist services such as concrete repairs and protective coatings.

Identifying opportunities for potentially lucrative contracts advertised by local authorities and government departments is the responsibility of the firm's marketing team, led by Joanne Gualda. Joanne uses a range of sources, including the Tenders Information Service offered by the West Yorkshire EIC. 'Keeping track of tendering opportunities can be a time-consuming task for businesses and services such as those offered by the EIC can be really valuable', says Joanne. 'As well as monitoring the larger contracts advertised in the EU's Official Journal, the EIC is now also alerting us to smaller contracts, particularly in the Yorkshire & Humber area and that's an added help.'

One of the main benefits of receiving the EU notices for the company is learning of public sector partnering opportunities at the earliest stage. Developing long-term relationships and partnering customers is a key driver for Bagnalls and the service offered by the EIC means the firm can act on the opportunities as soon as they are posted.

The company has also turned to the EIC for training for its staff on selling to the public sector, by attending seminars run by the Centre and commissioning in-house training for its sales team.

Bradford EIC is quick to help

'It's nice to know that there is advice and help available locally,'
adds Joanne.

For further information contact:

Jenny Lawson or Jill Kenning

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BD1 5BD.

Tel 01274 434262, Fax: 01274 432136

E-mail: eic@bradford.gov.uk

Finding your way through the grants labyrinth

Peter Matthews provides an overview of Grantfinder and looks at how it can be of use to your organisation.



There are over 4000 financial support grants available to organisations in the UK but choosing the right one for your organisation is not easy. There are currently some 20 major calls for proposals from Brussels and another 50 or so from the British Government and its regions, all requesting applications. Next month, a different set of programmes will be on offer so the situation is always changing.

Companies have great difficulty finding and keeping track of the limited number of programmes best suited to their purpose. To make the right choice, you need to analyse your organisation's various functions, i.e. training, environmental matters, innovation and the many other activities supported by grant funding. You even need to find out which grants apply to your company's location (town or even post code). You also need to find the time to prepare the application before the deadline expires. Locating suitable funding programmes takes much time and even worse, patience. Look to your local Euro Info Centre, for they run a cost-effective service that focuses on the grant funding programmes which are right for you.

Within the network of Euro Info Centres, a service is provided that uses the Grantfinder database to identify the specific grant programmes relevant to your organisation. There is the inevitable form to complete which helps you focus on the information the database requires. With the data you provide, the Euro Info Centre will carry out a search to identify the opportunities your organisation needs to consider. In addition to the open bids mentioned above, you will obtain an indication of those programmes available to you in the future. The findings will help you prepare your case: you will have enough information to focus on the programme for which you choose to apply. This service is

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available through several Euro Info Centres in the UK and each one has its own fee structure.

One of them is London Euro Info Centre which charges £30 plus VAT for a single search for London Chamber of Commerce members and £45 plus VAT for non-members. This seems a modest charge for such a service, particularly as there is no charge for an unsuccessful search. Subscribers receive a report listing the grant programmes for evaluation and selection of the most attractive ones.

The service that Grantfinder now provides will help you to arrive at your decision by defining the parameters of each programme. Evaluating grant opportunities involves establishing their budget and deadline and the time and effort needed to make a good application.

When the decision as to which grant to apply for is made, the serious work begins. To maximise your chances the written application needs careful preparation. This generally starts with conversations with desk officers in government offices who administer the programme either here or in Brussels. As a rule, a grant application stands a much better chance of success if completed by someone with previous experience of the application process. If your organisation does not have access to such expertise, London Euro Info Centre, in co-operation with Grantfinder, can either help you do this or advise you on how to do it. We can offer a fee rate for completing or helping to complete your grant submission. This can cover all work necessary up to its finalisation of contract for successful grant applicants. Costs of managing a grant-aided project can then be included in the grant budget.

Finding your way through the grants labyrinth

For more information, contact your local Euro Info Centre. For more information on London Euro Info Centre's Grantfinder service, contact Ana Fariña on 020 7203 1839 or afarina@londonchamber.co.uk.

Peter Matthews worked for the European Commission and now advises on how to complete applications for Grantfinder projects. He also specialises in global trade and investment funding support and soft loans from the EU into Eastern Europe, Northern and Sub Saharan Africa and South East Asia.

Commercial Opportunities for SME's

UKRep's Commercial Section helps British firms take advantage of commercial opportunities under EU funded programmes, mainly those for external aid. Some facts and figures are given in the following table:



	Spend per annum
Africa, Caribbean and Pacific (ACP/EDF) European Development Fund (sustainable development for poverty alleviation)	€3.5bn
Enlargement (inc PHARE, ISPA and SAPARD) Bulgaria, Romania and Turkey: Pre-accession (EU standards and regulations) plus, for Bulgaria and Romania: ISPA (environment and transport) and SAPARD (agriculture and rural development)	€1.9bn
Asia and Latin America (ALA) Current main sectors are health and education (Asia and LA) and environment and government reform (LA)	€919m
Middle East and Southern Mediterranean (MEDA) Projects which include reform and capacity building in key sectors, eg economic reform and water	€739m
Western Balkans (CARDS) Following on from OBNOVA, includes assistance on reconstruction and administrative and institutional reform	€537m
New Independent States (TACIS) Includes projects in economic reform, energy, environment and health and education	€488m

Commercial Opportunities for SME's

All EU member state public procurement tenders, including those for Commission funded projects, are published on Tenders Electronic Daily (TED): <http://ted.eur-op.eu.int>. Tenders and contracts to implement Commission external development projects are issued by the EuropeAid Co-operation Office and published on its website:

<http://europa.eu.int/comm/dgs/europeaid/index.htm>.

Advance notice of projects can be found free of charge on the UK Trade & Investment on-line export sales leads database <http://www.uktradeinvest.gov.uk/> and detailed project information is available for inspection at the UKRep Commercial Section.

Contracts are awarded normally after an open or restricted tender. Any UK company with the relevant expertise is eligible to participate in tenders for EU financed projects.

The UKRep Commercial Section (www.ukrep.be) advises on:

- aid projects and forthcoming tenders
- procedures used by the European Commission for the award of contracts
- contacts in the European Commission
- where and how British firms can increase their chances of winning business, for example through pan-European partnerships.

Although the Section cannot intervene in contractual matters, it can sometimes help in solving payment, procedural or tendering problems.

The Section advises also on other EU funding programmes of interest to exporters and works closely with the Development Business Team (DBT) of UK Trade & Investment in London (www.uktradeinvest.gov.uk/aidfundedbusiness), who provide

Commercial Opportunities for SME's

general information on the Commission's external aid programmes, together with pointers on business opportunities with other multilateral development agencies (e.g. the World Bank, Regional Development Banks and the United Nations). The DBT (contact Cliff Wilson on 020 7215 4624) is also the contact point for information about EU schemes that provide funds to help with investment promotion overseas: for example Asia-Invest, AL-Invest and the Centre for Development of Enterprise (CDE) for ACP countries.

Efforts are also coordinated with other Whitehall Departments, in particular with the Department for International Development, and with Chambers of Commerce, Business Links and trade associations.

Information on EU funding other than external aid can be found on:

http://europe.eu.int/comm/secretariat_general/sgc/info_subv/index_en.htm and the Commercial Section in UK Rep can advise on commercial opportunities for UK firms within these programmes. For advice on wider questions, for example on EU policy or legislative developments, UK firms are welcome to contact other members of the UK Permanent Representation.

Information on opportunities in the Belgian market continues to be provided by UK Trade & Investment in conjunction with the Trade & Investment Section of the British Embassy in Brussels (www.british-embassy.be).

The UKRep Commercial Section is based at:

Ave d'Auderghem 10

1040 Brussels,

Tel: (00 32 2) 287 8211

Fax: (00 32 2) 287 8349

Commercial Opportunities for SME's

Individual contacts are as follows:

- Paula Nobes, Head of Section: 287 8246,
paula.nobes@fco.gov.uk for Enlargement
(including PHARE, ISPA, SAPARD)
- Linda Geller, Commercial Officer, 287 8297,
linda.geller@fco.gov.uk for EDF, South Africa, Asia & Latin
America.
- Carol Brewitt, Commercial Assistant, 287 8242:
carol.brewitt@fco.gov.uk for project information and general
enquiries.
- Ann Brion, Commercial Assistant, 287 8359,
ann.brion@fco.gov.uk for UKTI Sales Leads

Currency Hedging for Companies

The Royal Bank of Scotland advises SMEs on how to protect themselves against currency fluctuations

A relatively simple process

For businesses that import or export, the annual planning process can become more complex as fluctuating exchange rates make it difficult to estimate the income or cost base in sterling with accuracy. Currency hedging aims to reduce this uncertainty and, while possibly sounding complex, our view is that it is a relatively simple process that should form part of the core financial controls employed by all businesses.

For example, many businesses will set a budget rate for their currency income or costs during the year but actual foreign exchange rates can adversely affect actual profitability against the budget. Similarly, a budget foreign exchange rate may be set for the performance of an individual contract and movements in actual rates may make the decision to price that contract at the final level less favourable.

Currency hedging aims to help businesses avoid these types of outcomes. Of course, an argument could be made that rates could just as easily go your way, resulting in increased profitability. That is 'luck' and is not something we suggest relying on.

Current market conditions

Before considering what issues businesses should consider prior to deciding how to manage the risk of currency fluctuations, let's first look at current market conditions and the outlook for sterling against the euro and US dollar.

Currency Hedging for Companies

When looking at the GBP/EUR exchange rate it is almost too easy to focus on the relative strength of the UK economy and weakness of the Euroland economy. So surely the euro should weaken relative to the pound?

Unfortunately, foreign exchange markets are not that simple and nor is economic growth the most important issue when looking at how a particular currency pair is expected to trade over the medium term. Looking at the way in which the GBP/EUR exchange rate has traded lately, the future expected path of UK and euro interest rates has, to a large extent, been the driving force.

Short-term factors argue for euro strength and sterling weakness, but what about the long-term? The outlook for GBP/EUR is that we look for a move to €1.41 in Q1 2006 and then an eventual breakdown to €1.39. For Sterling, it seems to be a question of when, not if, the euro makes its big push.

The dollar, having slumped in the face of hurricanes Katrina and Rita has rallied recently. The main reason for this seems to be the growing concern in interest rate markets that they may have misread the Federal Reserve's intentions and that US interest rates could peak a lot higher than markets are currently pricing.

The emphasis over the next six months will be who is proven right in terms of when the likely peak in US rates will occur. With the Fed still some way off neutral, US rates will most likely rise to 5.5% by end Q4 2006 and it may take at least another six months before markets realise this. Current market consensus is for US rates to rise to 4.5% in 2006. Thus for the next six to seven months we expect the US dollar to be on the offensive and look for a move to \$1.68 by the end of Q1 2006 and \$1.61 in Q2.

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The move to \$1.61 in Q2 2006 (which will carry on in Q3) should be followed by a rebound to \$1.67 by Q4 2006. In 2007, as the markets become nervous of the trade and fiscal imbalances continuing to exert pressure on the US economy, we look for a move back into the mid-\$1.70s.

So, that's our view on the likely path of sterling against the euro and the US dollar. However, do bear in mind that this is a forecast and, as such, is based on what we consider to be foreseeable economic fundamentals. As all business people know, external factors (political, environmental and some economic) have a habit of arriving unannounced leading to greater foreign exchange market volatility and the risk from these factors should never be discounted, hence the above comment about trusting to 'luck'.

So, what should you consider?

Taking all of this into consideration, what should you consider when looking at protecting your income flows or cost base from currency fluctuations ?

We believe that hedging solutions are best created individually to suit the particular requirements of single businesses. In our view, an off the shelf or one size fits all approach does not work as what suits one business could be completely ineffective for another one, even for businesses engaged in the same industry.

The process we take when creating foreign exchange risk management solutions for our customers is to gain a detailed understanding of our customer's requirements, the mechanics and timing of their cashflow, its currency composition and the customer's attitudes towards risk. Basically we need to know as much as possible about the 'nuts and bolts' of their business and what is likely to happen to their income and cost base over the time period they are considering.

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Creating solutions

Armed with that information, we then create a number of potential hedging solutions which could be simple such as using forward contracts where a rate is set now for a known amount of currency to be purchased or sold at an agreed date or dates in the future. Alternatively, currency options based products could also be used.

Option based products can be in a number of forms such as giving the customer the right but not the obligation to buy or sell an agreed amount of currency at an agreed rate over a specified time period. They can also be created to deliver regular amounts of one currency against another at a preferential rate, which applies as long as the exchange rate for that currency pair remains within certain pre-determined levels.

The starting point in kicking this process off is to identify where you have risk and speak with a specialist who can outline what could be done to control it. The Royal Bank's Financial Markets offices in London, Birmingham, Bristol, Manchester, Leeds and Edinburgh have been established to provide businesses with market leading solutions to these types of issues. We feel this is best done locally, hence the substantial investment we have made in our regional dealing rooms. The team would be delighted to hear from you.

The Royal Bank of Scotland's advisors are in:

- London: contact Ashley Whittaker ashley.whittaker@rbos.com or Victoria Guerrier victoria.guerrier@rbos.com
- Midlands/South West: contact Andrew Dancey andrew.dancey@rbos.com
- North: contact Martin Merryman martin.merryman@rbos.com
- Scotland: contact Barry Campbell barry.campbell@rbos.com

Consultations

Here we consider new consultations that deal with the issue of how to better meet tariff and classification needs.



The European Commission's Taxation and Customs Unit has launched an online survey for the business community, which aims at improving access and efficiency of information displayed on two of its free online databases:

- TARIC (Integrated Community Tariff) is a multilingual database which gives businesses a clear view of all measures applicable to tariff, commercial and agricultural legislation when importing or exporting goods. It also enables the collection of community-wide statistics for the measures concerned.
- ECICS (European Customs Inventory of Chemical Substances) is a tool designed to assist with the classification and retrieval of chemicals. This database contains approximately 30,000 of the most important traded products and the products which must be controlled by customs. Up to now, these have been almost exclusively pure chemicals.

Businesses using these online facilities are invited to give their feedback, via an online questionnaire, on the quality of the current service and users' expectations to allow better planning for future developments. The questionnaire can be accessed on the following link:

<http://europa.eu.int/yourvoice/ipm/forms/dispatch?form=DDS>

The consultation will close on 2 December 2005.

To use the electronic databases visit:

http://europa.eu.int/comm/taxation_customs/common/databases/index_en.htm

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Trademark fees dropped

The European Commission has decided to reduce the Community trademark registration fees payable to the OHIM, which is the Community agency responsible for granting EU-wide trademark rights. This measure - unprecedented in the EU and endorsed by Member States - makes intellectual property protection cheaper for businesses operating in the EU single market, saving them between €37 and €40 million a year.

The reductions include:

- a lowering of the Community trade mark (CTM) application fee from €975 to €900
- a lowering of the CTM registration fee from €1100 to €850
- a lowering of the fee for renewing the registration of a CTM from €2500 to €1500.

Even greater reductions (a special discount of €150) are available to those who file their applications or renewal requests via the Internet using OHIM's state-of-the-art e-filing technology.

The fee reduction came into force on 22 October 2005. It allows companies who filed their Community trade mark applications in 1996 to renew their registration for a further period of ten years at the reduced cost.

For further information, consult:

http://europa.eu.int/comm/internal_market/en/indprop/tm/index.htm

Phoning home

Due to the high cost of using mobile phones abroad and the need to ensure greater transparency of these charges, the European Commission has recently launched a new website

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which aims to help consumers or businesses get a better deal when using their mobile phones abroad. To this end, the website makes available public roaming tariffs from the operators in all 25 EU Member States. Using tables of sample tariffs and direct links to EU mobile phone operators, the website intends to give EU consumers/businesses a concrete idea of the level of tariffs they are likely to face when going on holiday or on a business trip, as well as guidance and tips on how to manage their international roaming bills.

For more information visit:

http://europa.eu.int/information_society/activities/roaming/index_en.htm

'eu.' top level domain names

The top level domain name (TLD) is part of an internet domain name: examples are .int, .com, .net, .info, .org. Each TLD is associated with a particular registry that then registers the names associated with the TLD.

The .eu is expected to be particularly useful for those organisations that operate at an European level. Until now, such companies either based their internet presence in one country or created websites in each EU member state in which they operated. The .eu TLD means that such companies can now have one internet identity for the entire EU, operating under a single set of rules.

The first phase of operations will be the so-called 'sunrise' period of four months during which owners of prior rights (e.g. trademark holders, public bodies) can register their domain names before other eligible parties. This phase will begin on 7 December 2005. Registrations for .eu will be fully open to the public from the beginning of April 2006.

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Commission to simplify more than 1,400 legal acts

The Commission has taken another step to deliver on its commitment to modernise EU legislation and cut unnecessary red tape and over-regulation. It has presented a three-year programme to simplify the existing thousands of pages of EU legislation ('acquis') adopted since 1957. Following a broad consultation of Member States and stakeholders, the Commission proposes to repeal, codify, recast or modify 222 pieces of basic legislation (all in all more than 1, 400 related legal acts) in the next three years.

The programme, which will be regularly updated, begins with the most heavily regulated sectors, such as cars, waste and construction. The Commission also intends to tackle administrative burden, especially for small businesses, by simplifying cumbersome statistics form filling or by modernising the customs code to facilitate electronic exchange of information. Simplification can only be achieved if the European Parliament and Member states as co-legislators support it.

Commission President José Manuel Barroso said: 'Better regulation is a corner stone of our partnership for growth and jobs. Simpler EU legislation is one of the main elements of our better regulation programme. It will boost the competitiveness of our companies. The Commission is delivering on its promises.'

Preliminary analysis of the on-going Internet consultation shows that a good deal of public reaction relates to red tape in national or local rules, rather than EU legislation.

Cutting down red tape for EU contracts and grants

Simplifying the administrative burden for companies, SMEs and beneficiaries of EU grants while maintaining a high level of protection of the community funds, is the goal of new measures

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announced by the European Commission. The new round of proposals will improve the situation for the daily management of contracts and grants, both for beneficiaries who will face fewer hurdles and for managers in the EU institutions who will be able to act more quickly and efficiently. The measures proposed are designed to maintain the highest standards of control over the use of EU funds and guard against fraud. The new rules should be in place by 2007.

Bidding Effectively with the EU

Taking place on 15 February 2006 the Birmingham Chamber of Commerce & Industry offer companies a unique opportunity to learn more about bidding effectively for the European Union's annual Euro 10 Billion aid programme.

This one-day workshop presented by Schuman Associates will promote successful bidding/tendering techniques for aid-funded contracts. The workshop will offer an excellent insight into boosting participating companies' chances of winning aid-funded business, focusing on subjects including tender preparation techniques and essential marketing activities.

The workshop will be of particular use to those responsible for developing their company's international export strategy. The event will provide detailed practical advice and will be of great help to companies in addressing a difficult process. Delegates will also discover the worldwide opportunities available through EU external aid funding, which in total are worth some Euro 10 Billion annually.

The workshop is designed to demystify European Union external aid programmes and to offer practical advice and assistance on how to win business through making well prepared bids.

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Topics will include:

- Up-to-date advice about current tendering procedures, with a handbook packed with information to take away for future reference
- Insiders' hints and tips including how projects are evaluated
- A practical exercise on a mock tender
- Up-to-date advice about current programmes, PHARE, TACIS, EDF etc.

The workshop will also examine the processes required to tender for projects ranging from providing infrastructure (such as highways), power plants, irrigation systems to rural development projects, to training services, tourism, capacity building (transferring professional expertise) private sector development and SME support.

The participation fee for this event is £55.00 + VAT (£64.63) per delegate for members of the Midlands World Trade Forum or £65.00 + VAT (£76.38). To register your interest for this event please contact Claire Gamage on 0121 607 1759 or email c.gamage@birminghamchamber.org.uk

Note also that a similar workshop will be held on 29 November 2005 at the James Watt Rooms at Scottish Enterprise, 150 Broomielaw, Atlantic Quay, Glasgow G2 8LU. To book your place by 22 November visit www.scottish-enterprise.com/events-registration

Anti-discrimination website

DG Employment and Social Affairs has a valuable website devoted to anti-discrimination legislation and its implementation in Member States. The Commission is keen to get feedback about the contents of the site and is running an online survey at http://europa.eu.int/comm/employment_social/fundamental_rig

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[https/index_en.htm](https://www.euro-info.org.uk/https/index_en.htm)

Comments sought on a UK project 'Investbx'

A formal investigation has been opened by the European Commission into a UK proposal to spend approximately €4.4m (£3.8m) to set up 'Investbx', a market for equity investments in SMEs in the West Midlands. The Commission has already received a complaint, but invites all interested parties to comment on the measure as a first step in this formal investigation procedure under ED state aid rules.

EU-15 should 'rapidly' open labour markets

According to a fresh report, the EU-15 states should 'rapidly lift' the restrictions on the free labour movement from the new Member States.

All EU-15 states should consider 'rapidly lifting' the transitional periods currently applied to job-seekers from the EU-10 countries, or 'at the very least' to those new European citizens who hold a university degree, says a report drafted for the 27 October Hampton Court EU summit.

The main focus of the report is the effects of the legal and illegal forms of immigration on the EU Member States' demographic and labour market status. The author, Patrick Weil, cites the experiences of Britain, Ireland and Sweden, which show that 'labour flows from the new member states have been both manageable and beneficial'. (These three countries have opened their labour markets to the EU-10 citizens; Austria, Italy, the Netherlands and Portugal apply quotas; while the remaining eight 'old' EU Member States have placed restrictions on labour movement.)

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The report, issued by the Paris-based National Centre for Scientific Research, argues that the current restrictive practice is 'counter-productive' as the new EU citizens 'immigrate anyway and work illegally'. Lifting the transitional periods and the restrictions would deter illegal immigration from outside the EU, the report says.

The EU-15 states will have to decide by the end of April 2006 on whether to maintain or lift the restrictions.

Management of online rights in musical works

The European Commission has adopted a recommendation on the management of online rights in musical works. The recommendation puts forward measures for improving the EU-wide licensing of copyright for online services. Improvements are necessary because new Internet-based services such as webcasting or on-demand music downloads need a licence that covers their activities throughout the EU. The absence of EU-wide copyright licences has been one factor that has made it difficult for new Internet-based music services to develop their full potential.

The Commission recommends that right-holders and commercial users of copyright-protected material should be given a choice as to their preferred model of licensing. Different online services might require different forms of EU-wide licensing policies. The recommendation therefore proposes the elimination of territorial restrictions and customer allocation provisions in existing licensing contracts while leaving right-holders who do not wish to make use of those contracts with the possibility to tender their repertoire for EU-wide direct licensing.