



Euro News

The UK Network of Euro Info Centres

Issue 4 : April 2006

In this issue

Questions and Answers

Grants in April 2006

A Grantfinder success story

Compensation for agents - the
commercial considerations

Provisional anti-dumping measures for
footwear

Counterfeiting and piracy

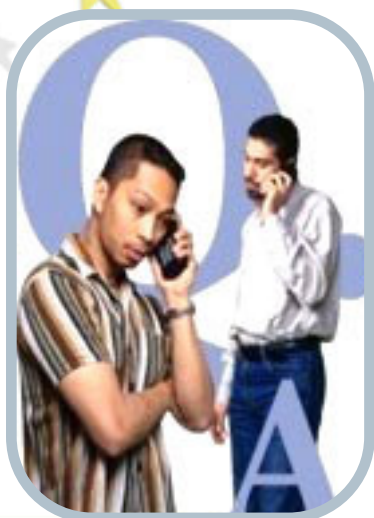
Consultations

Information roundup

Questions and Answers

Question:

A UK manufacturer of paint is selling its product to a purchaser in a non-English speaking EU Member State. The purchaser is demanding that the safety sheet for the document be written in his local language. Who must pay for the translation of the documents?



Answer:

Articles 1 to 3 of European Directive 91/155/EEC define and lay down the detailed arrangements for the system of specific information relating to dangerous preparations. The directive stipulates that any person established within the EU who is responsible for placing a dangerous substance or preparation on the market, whether the manufacturer, importer or distributor, shall supply the recipient who is an industrial user of the substance or preparation with a safety data sheet containing sufficient information to enable users to take the necessary measures as regards the protection of health and safety. The governments of individual EU Member States may make the placing of dangerous substances or preparations on the market in their territory subject to the use of their official language or languages for the compilation of the safety data sheets. The costs of translation from one language into another shall be borne by the seller and not the customer. Hence in this case, the UK company is responsible for having the safety data sheets translated.

Grants in April 2006

The number of grant opportunities in the Grantfinder database for small businesses and other organisations in London is growing. Many new amendments to the schemes include charities as well as government and European grants funding.

The Mercers Charitable Foundation

Grants and donations of up to £ 10,000 are available for a wide range of purposes including social and community welfare. Medical facilities can be provided and educational support for management. These include special needs for the arts and sport facilities. Literacy and social advisory services are supported. Heritage matters such as material and fabric conservation and refurbishment can be funded, also archive and library conservation. Aspects of wildlife and the environment are considered for donations.

eTEN Programme - Telecommunications

We mentioned this €45 million programme in last month's Euronews and have had a number of enquiries from Bulgarian and Romanian organisations to find partners in the UK. The programme is designed to roll out products involved in data transmission across Europe with funding of between €400,000 and €700,000 for each project. The sectors of interest are:

- eGovernment
- eHealth
- eLearning
- Security
- Support for Small and Medium Sized Enterprises (SMEs)

The deadline for this submission is 19 April 2006.

Grants in April 2006

Futurebuilders England

This is a £125 million Home Office government fund to help community sector organisations increase their role in the delivery of services to the public. The fund supports project from £50,000 to £1,000,000. In addition grants are available of up to £10,000 to help short-listed organisations to work up their applications. Applicants must be Non Government Organisations (NGOs). The deadline for applications is 30 June 2006.

Envirowise

This is government-funded programme by the DTI with a budget of £12 million a year to establish best practice in environmental projects. These can include waste minimisation, cleaner technology and pollution prevention and compliance. Grants of up to £8,000 are available for feasibility studies and up to £50,000 for approved projects.

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 to Eastern Europe, Northern and Sub-Saharan Africa and South East Asia.

Please contact your local Euro Info Centre for more information on these programmes. A one-page summary of the programmes generated from Grantfinder will be sent to you free of charge.

A Grantfinder Success Story



A school in the London Borough of Sutton, that wishes to remain anonymous, has made application to be the Borough's first specialist business and enterprise college. Achieving the status carries a grant of £500,000 from the government. A bid for the specialist status requires that the school must first have pledges of £50,000 from other sources. To this end the Deputy Head contacted the London Euro Info Centre to do a search on Grantfinder's database for funding. The Euro Info Centre did a wide search of the opportunities for the school and listed over 100 possible organisations to approach. Grantfinder then sent their adviser on applications to the school to help process those sources that had been identified. Within weeks the necessary funding pledges had been made and the £50,000 had been raised. A successful application for specialist status is locking a £100,000 funding amount to update classrooms and resources, followed by £120,000 a year for the next four years. The school is using the initial money to study business practice in return for helping local companies set up websites. Links are also being established with other schools in the Borough to raise standards in learning across the curriculum using the funding which has been achieved.

Lessons learned in raising the above funds for the school have led to a request to Grantfinder's advisor to help register a charity for the school. They plan to use London Euro Info Centre's Grantfinder service to implement a strategy for searching for further funding opportunities in the future.

Compensation for agents - the commercial considerations

Stephen Sidkin of Fox Williams considers the topical issue of compensation.

Background and case law

Since the Commercial Agents Regulations came into effect more than twelve years ago various courts and commentators have wrestled with how to calculate the compensation payable to a terminated agent. The difficulty lies in the Regulations' failure to provide any method for quantifying compensation. The existence of this difficulty and the need to reduce uncertainty lay at the heart of the Court of Appeal judgment earlier this year in *Lonsdale v Howard & Hallam Limited*.

Mr Lonsdale had been a footwear agent for thirteen and a half years when notice was given to terminate the agency as a result of the closure of the defendant's business due to rising costs and falling sales.

Following termination the defendant paid the agent £7,500. However, the agent began County Court proceedings seeking an amount roughly equal to two years' gross commission calculated by reference to the average of the last five years of his agency less the amount he had already received.

The Regulations provide that an agent shall be entitled to compensation for the damage he suffers as a result of the termination of his relations with his principal. Although the County Court judge's attention was drawn to the approach adopted by the French courts and previous decisions of the English and Scottish courts, he concluded that the agent was entitled to be compensated for the value of the agency of which he had been deprived. He declined therefore to follow the approach adopted in other jurisdictions and held on the facts that the agent was entitled to no more than £5,000. The agent



Compensation for agents - the commercial considerations

appealed.

In looking at the language used in the Regulations the Court of Appeal pointed to the fact that the agent is given a right to receive compensation for any damage he has suffered as opposed to payment of an amount that is fair and reasonable having regard to all the circumstances of the case.

After undertaking a review of a number of previously decided cases, the Court of Appeal considered that the correct interpretation of the damage suffered by the agent is normally the loss of the agency business, including whatever goodwill attaches to it, which passes to the principal. As such the compensation which the agent is entitled to receive in such cases is to reflect the value of the business at the date of the termination, in other words what a third party would pay for it. Consequently the Court of Appeal cast aside the two years' compensation rule which had previously been used as a broad guideline.

But given an earlier Court of Appeal decision, a way had also to be found to deal with the compensation payable when a fixed-term agency agreement comes to an end. The Court of Appeal decided that in such an agreement the agent built up a business to which goodwill attached in the ordinary way and which, if the relationship *had* continued, would have continued to produce profits in the form of commission. Accordingly when a fixed-term agency ends the benefit of that goodwill will pass to the principal and if he is continuing in business it is likely to be of value to him.

Valuing a business

The legal somersaults which the Court of Appeal went through so as to arrive at its judgment in *Lonsdale* cannot be ignored. But until this judgment is distinguished or overturned, the focus will be on the value of the agency business, including whatever

Compensation for agents - the commercial considerations

goodwill attaches to it, which is lost by the agent as a result of termination of the agency contract. In this respect the fact that the principal's business is in serious decline or has closed down will inevitably affect the value of the goodwill attaching to the business of the agent. At the same time, it would seem from this judgment that the fact that agencies are rarely bought and sold in the UK can correctly be ignored.

But how to value the agency business? In one case in which the writer has been involved, the client's auditors came up with a figure of eight times earnings. Other values may be more conservative. What is likely is that expert witnesses will now be used to try and persuade the court of the agency's value.

As a result of *Lonsdale* it should be easier for the agent to establish the value of the agency business where there is a written agreement outlining each of the party's rights and obligations. Agents who previously shunned formality can now be expected to seek formal agreements.

Agents may now also prefer fixed-term agreements as compensation will determine what would have happened to the principal's business if the relationship had continued. This gives the principal less scope to argue that he intended to close down or dispose of the business that was the subject of the agency and the value of the agency will be assessed to a greater extent on the past efforts of the agent as opposed to the future prospects of the business.

A declining business

Lonsdale established that the value of the goodwill attached to the agency will be affected if the principal's business is in serious decline or has closed down. Accordingly, where a brand is in decline an agent may be reluctant to take on an agency, or require better terms, unless the principal commits to investing

Compensation for agents - the commercial considerations

the necessary resources to turn it around.

Conversely, an agent may be more inclined to jump ship early before a declining brand eliminates the value of the goodwill and prospects for compensation. The agent may therefore wish to negotiate a break in the contract at certain times or in certain events.

If compensation prospects are reduced by a declining brand, the agent and his lawyers will be more creative in the claims made against the principal: for example, if the principal is in breach of the statutory obligation to 'notify his commercial agent within a reasonable period once he anticipates that the volume of commercial transactions will be significantly lower than... expected'.

Not the whole story?

Finally *Lonsdale* might not be the whole story. First, the case may go to the House of Lords. Second, in the interim, the Appeal Court did not consider what happens when the principal sells the business. Arguably part of the value which the principal derives on a sale should be a reflection of the goodwill of the agency business and included in the valuation. It is an open question as to whether the prospects of the business in the hands of the buyer should be reflected in the value of the agency.

Stephen Sidkin is a partner at in City law firm Fox Williams

www.foxwilliams.com; www.agentlaw.co.uk

© Fox Williams 2005

Provisional anti-dumping measures for footwear



Image: © European Community, 2005

The measures adopted on 23 March 2006 follow a preliminary Commission investigation that has identified clear evidence of disguised subsidies and unfair state intervention to the leather footwear sector in China and Vietnam. Trade Commissioner Peter Mandelson firmly reiterated his willingness to work with the Vietnamese and Chinese governments to address the questions of competitive distortions raised by the Commission's investigation.

In order to minimise any sudden impact on imports, the duties will be imposed progressively over a period of five months, beginning on 7 April 2006. They will rise to 16.8 per cent for leather shoes from Vietnam and 19.4 per cent for leather shoes from China - a duty sufficient to correct the injury caused to European producers by dumping. The provisional measures exclude children's leather shoes so as to ensure that even the small price rises are not passed on to poorer families. Special Technology Advanced Footwear will also be excluded from the measures because there is not sufficient production of these shoes in Europe for injury to have occurred. A monitoring mechanism will be created to ensure that importers do not use these excluded categories to circumvent the duties.

Essential to know

There are four things you need to know about the Commission's provisional anti-dumping measures on leather shoes from China and Vietnam.

1. *They confront unfair trade practice, not China and Vietnam's natural comparative advantage*

Although the EU investigation was undertaken in factories jointly agreed with the Vietnamese and Chinese governments, EU investigators found clear evidence of serious state intervention in the leather footwear sector in China and Vietnam - cheap

Provisional anti-dumping measures for footwear

A decorative graphic on the left side of the page consisting of several yellow and grey stars of varying sizes, arranged in a pattern that suggests the European Union flag.

finance, tax holidays, non-market land rents, improper asset valuation and export incentives. There is dumping flowing from these state subsidies. Legitimate low-cost comparative advantages common in developing countries are being topped up in this case with uncompetitive behaviour. The Commission will not act to protect European producers against tough but fair competition but it has a legal duty to act to limit the effects of unfair trade.

2. Because of our lesser duty principle, Europe's anti-dumping rules clearly ensure that anti-dumping measures cannot be used to make imports more expensive than the equivalent EU product

EU duties either close the margin of dumping, which is the difference between the export price of the dumped product and its true value or close the margin of injury, which is the difference between the export price of the dumped item and the sales price for the equivalent EU product, whichever is less. This means they can and often do leave the competing export much cheaper than the European equivalent. This is not true of the rules used by the United States, China and others - nor do these countries take account of the wider public interest through a 'Community interest-type' rule. We cannot use anti-dumping procedures to stop tough but fair competition.

3. This case concerns just nine pairs of shoes from every 100 pairs bought by Europeans

A duty would add about €1.5 on average import prices of €8.5 for leather shoes that retail between €30-100. Leather footwear import prices to the EU over the last five years have fallen by more than 20 per cent but consumer prices have remained stable and even risen slightly. So the Commission believes that there is some margin within the supply chain to absorb a small duty on import costs by spreading it across product ranges and

Provisional anti-dumping measures for footwear

the distribution chain, and the impact of measures on consumer prices will be minimal.

4. The shoes issue is not the textiles issue

The textile issue concerned fairly traded textile imports subject to a dramatic and sudden increase in volume. The European Commission never suggested that Chinese textile exports were unfair or traded illegally. It acted with the Chinese authorities to cushion the impact of a massive shift in global trading patterns in textiles. By 2008 that cushion will be gone. Leather footwear is being state-subsidised and dumped. This is unacceptable under WTO rules and the European Union has a legal right to protect European producers against such practice.

For full details on the Commission's anti-dumping measures on leather shoes from China and Vietnam please visit:
http://europa.eu.int/comm/trade/issues/respectrules/anti_dumping/pr230206_en.htm

Counterfeiting and Piracy

Henrietta Clarke discusses counterfeiting and how the European Commission plans to tackle it in future.



Image: © European Community, 2005

Background

A package of measures to combat counterfeiting and piracy were put forward by the European Commission in October. The Commission wants to put in place a strategic plan for short-term action. The aim is to improve the efficiency of customs authorities in their response to counterfeit and piracy by improving current legislation and operational controls, to strengthen the business/customs partnership and to reinforce international co-operation in this area.

The action plan includes the following concrete initiatives:

- A new business-customs working group to consider whether EU anti-counterfeit legislation needs refining to increase protection for legitimate business while keeping down costs.
- A new task force of Member States customs experts to improve anti-counterfeiting controls could also start work this year.
- An anti-counterfeiting risk management guide to be distributed to Member States and to international partners.
- A new electronic system of secure, real-time transmission of information.
- Memoranda of understanding with major trade representatives such as airlines, shipping companies and express carriers to improve information exchange and highlight the risks posed by traffic in fakes.

Counterfeiting and Piracy

- To reinforce international co-operation, the Commission and Member States will consider amending the World Trade Organization (WTO) Intellectual Property Rights (TRIPS) Agreement so that countries apply anti-counterfeiting controls not only on imports but also on exports, transit and transshipment. This will also be promoted with other international organisations. Efforts will be made to fully implement, strengthen or develop bi-lateral customs co-operation agreements with China, the USA, Japan and other trading partners.

The scale of the problem

The number of customs operations involving fakes more than doubled to 22,000 in 2004 compared with 2003. More than 18 million toys and games were seized, 47 per cent more than in 2003. Counterfeit medicines represent a rise of more than 45 per cent from 2003 with 900,000 pharmaceutical products seized, and seizures of counterfeit foods, drinks and alcohol increased by more than 200 per cent compared to 2003, to a figure of 4.5 million. More than 41 million packets of counterfeit cigarettes were seized in 2004, a rise of 25 per cent over the previous year. Textile seizures grew by 102 per cent to a figure of 7.8 million. Seizures of miscellaneous products such as ink cartridges grew by more than 900 per cent compared to 2003.

Most fakes are now household goods rather than luxury goods and the high quality of these fakes often makes identification difficult without technical expertise. Criminals can now produce these fakes on an industrial scale which provides not only increased profits but a new mechanism for efficient money laundering.

Where do the counterfeit goods come from?

The main source of counterfeit goods intercepted in Europe is

Counterfeiting and Piracy

China and more widely Asia. However, transshipment is a growing concern with fraudsters breaking routes to disguise the origin of the goods. Internet sales are also an increasing problem with more than 30 per cent of the postal seizures made by customs in 2004 coming from this source.

This article first appeared in Croner's Europe Briefing, issue 166, copyright Wolters Kluwer (UK) Limited; website: www.croner.co.uk; tel 44 (0)20 8247 1175.

Consultations

Better Regulation: the European Commission consults to simplify construction directive



Under current rules, standards and technical approvals for construction products used on works are heavy and complicated. 'Construction products' include more than 40 families of products like doors, thermal insulating products, cement, roofing products or façades representing more than 3 per cent of the total European GDP.

To simplify and clarify EU legislation, the Commission recently launched a public consultation on the changes needed to make the Construction Products Directive more cost efficient and easier to understand for enterprises and authorities. Directive 89/106/EEC only partially eliminates barriers to trade and does not establish optimal conditions allowing the free circulation and use of construction products. Commissioner Vice-President Günter Verheugen responsible for enterprise and industry policy said:

'There has been much justified criticism of this directive. This is why we identified the construction directive as a priority in our effort to cut red tape and over-regulation. This consultation will provide an important opportunity for enterprises, both big and small, providers of professional services such as designers, as well as assessment bodies and public authorities to give their views on how to simplify and reform this legislation.'

The Directive, which dates from 1988, provides the legislative framework to govern the free circulation of construction products within the European Union. It imposes the use of technical specifications (standards and technical approvals) to all manufacturers without providing for any flexibility therefore increasing unnecessarily the administrative cost of businesses. Additionally, Member States often impose additional requirements in their national markets, resulting in real

Consultations

obstacles to the free circulation.

For example, some countries require additional testing of the products or they discriminate against CE marked products compared to other products bearing national marks, approvals or symbols or other voluntary marks.

The aim of the consultation is to consult the construction industry in order to obtain information on:

- how to **reduce administrative costs and burden**, in particular for small and medium-sized enterprises
- how to **introduce more flexibility** in the formulation and use of technical specifications
- how to **harmonise certification rules**, and
- how to **eliminate implementation obstacles** that so far have hampered the creation of a full internal market for construction products.

Following this consultation, the Commission will prepare a legislative proposal which will be the subject of impact assessment and more detailed consultation prior to approval by the European institutions

The online consultation is available on the 'Your voice in Europe' website (<http://europa.eu.int/yourvoice>), as well as on the Construction Website of DG Enterprise & Industry: (<http://europa.eu.int/comm/enterprise/construction/index.htm>). It is open until 31 May 2006.

Consultations

Review of communications strategy

An online user satisfaction survey is currently being conducted concerning the website of the Directorate-General for Enterprise & Industry

(http://europa.eu.int/comm/enterprise/index_en.htm).

Feedback and suggestions for improvement from all those who use this site for information on EU enterprise and industrial policies is welcome. Please spend a few minutes responding to a mix of check box and open-ended questions and help us meet your needs better. The survey is accessible at:

http://europa.eu.int/yourvoice/ipm/forms/dispatch?form=enterprise_survey012006

Information Roundup

Protecting your product or service overseas

A workshop to improve the knowledge of Intellectual Property Rights (IPR) will be held on Wednesday 17 May 2006 at Birmingham Chamber of Commerce.



Its aim is to help companies understand the importance of protecting their intellectual property overseas. Intellectual Property, often known as IP, allows people to own their creativity and innovation in the same way that they can own physical property. The owner of IP can control and be rewarded for its use, and this encourages further innovation and creativity to the benefit of us all.

Who should attend?

The workshop will be aimed at:

- Both manufacturing and services businesses, especially high-tech and knowledge-based businesses in sectors such as IT, specialist equipment manufacture and creative industries.
- Both businesses who have already recognised and protected their intellectual property (e.g. via UK patents or copyrights) and companies who have some genuine intellectual property but have yet to protect such property.
- Companies with experience of international business and those with little or no experience of overseas markets.

Participation cost

Members of Birmingham Chamber of Commerce or Midlands World Trade Forum will be charged £25.00 + VAT (£29.39) and non-members £35.00 + VAT (£41.13).

Information Roundup

To book a place at this event please contact Sophia Shemar, European Information Centre, Birmingham Chamber of Commerce, 75 Harborne Road, Edgbaston, Birmingham B15 3DH. Tel: 0121 455 0268 email: s.shemar@birmingham-chamber.org.uk

New online business plan test

A new online test (SAT-PRO) is available for entrepreneurs and management teams eager to assess the soundness of their business plans. A good business plan will attract investment but entrepreneurs often struggle to judge how their project might appear to investors. SAT-PRO challenges the completeness of a business plan through spider/radar charts. It also examines the basic financial aspects from an investor perspective and highlights areas for improvement. The test users end up with a 'completeness scoring', essentially an analysis of the investment opportunity on offer.

The online test was developed by the InvestorNet network of venture capitalists. InvestorNet is a platform for knowledge-sharing among early-stage technology investors. It is part of the Gate2Growth action, the pan-European business platform supported by the European Commission that brings together entrepreneurs, investors and various business-support providers. The 'new business plan test' is on the following website: <http://www.configworks-gmbh.online.de/sat/chooseLightOrPro.jsp>

Bridging the broadband gap

A group of Commissioners last week presented the Commission's plans to bring high-speed broadband internet access to all Europeans. The European Commission regards wide broadband coverage in Europe as crucial for fostering growth and jobs in Europe. That is why several policy areas, such

Information Roundup

as EU telecoms legislation, structural and rural policy instruments, need to be mobilised together - in full respect of state aid rules - to guarantee broadband access to all. This is essential in particular in the EU's less-developed areas. The Commission communication 'Bridging the broadband gap' outlining the plans was presented by the Commissioner for information society and media Viviane Reding, Commissioner for competition Neelie Kroes, regional policy Commissioner Danuta Hübner and Commissioner for agriculture and rural development Mariann Fischer Boel.

Authorisation of medicines: Commission makes life easier for SMEs

To encourage small and medium-sized enterprises (SMEs) to submit applications to the European Medicines Agency (EMA), the European Commission has adopted significant fee reductions and deferrals for a number of EMA services such as scientific advice and expertise. Other provisions relate to administrative assistance, in particular translations, and to the establishment of a dedicated SME Office within the EMA, providing a 'one-stop shop' for SMEs. These measures respond to the need to pay special attention to small businesses as these often lack regulatory resources and financial stability to cope with EU pharmaceutical legislation. Key measures of the new Commission Regulation include:

- 90 per cent reduction on a number of fees payable to the EMA, such as scientific advice, inspections, and other scientific services;
- exemption of the fee for scientific advice in respect of orphan medicines;
- conditional fee exemptions where scientific advice has been sought and effectively implemented;

Information Roundup

- a user guide on the administrative and procedural aspects of the Community marketing authorisation procedure, which are of particular relevance for SMEs.

Europe's new internet address: registration for .eu names opens to general public 7 April 2006

Registration of .eu domain names opens to the general public from 7 April 2006. Since 7 December, businesses and public bodies have been able to register new internet .eu addresses. This facility will now be extended.

For more on how to register, go to:

<http://www.eurid.eu/en/general/>

Free movement of services comes closer

In mid-February, the European Parliament (EP) reached consensus on taking the much discussed services directive, the so-called Bolkestein directive, further. The EP did however suggest a number of revisions to the original directive from 2004. These revisions include replacing the 'country of origin principle' with a 'freedom to provide services'. This will require Member States to respect the right of service providers to supply services and allow them to provide their services without any restrictions. Member States will, for example, no longer be able to require a service provider to set up an office in order for him to provide his service in a specific country. Member States will however continue to apply their own rules relating to employment.

European Commissioner for Internal Market and Services, Charlie McCreevy, welcomed the consensus reached by the EP and believes that it has given the Commission a 'solid basis for going forward'. The amendments adopted by the EP will now be referred to the Council of Ministers and if these are accepted, the directive will be adopted in its amended form. However, if the

Information Roundup

Council rejects the amendments and adds its own, the text will be returned to the EP for a second reading.

Lithuania applies to join euro currency


Lithuania formally applied to join the euro zone on 16 March 2006, following earlier announcements by its Prime Minister and the Chairman of its Central Bank that Lithuania will stick to its January 2007 target for adopting the euro. The European Commissioner for Monetary Affairs, Joaquín Almunia, and European Central Bank President, Jean-Claude Trichet, have warned Lithuania that the country is at risk of being rejected because its inflation rate exceeds 3 per cent. The inflation rate threshold for euro applicant countries is 1.5 per cent above the average of the EU's three lowest rates, which currently is 2.6 per cent. So far, Slovenia is the only applicant country likely to meet the formal criteria for joining the euro in 2007. However, the Lithuanian authorities believe the country's inflation, which is the lowest among the Baltic countries, will be levelled out by Lithuania's enormous economic growth of more than 8 per cent per annum and by stable consumer prices. The European Central Bank and the Commission will present their recommendations on Lithuania and Slovenia to the other EU Member States on 16 May 2006.

Estonia and Lithuania originally aimed to adopt the euro in January 2007, while Latvia's target date was January 2008.

Safety of consumer products

The number of dangerous products identified in the EU has risen sharply over the last year according to the latest report on the 'Rapid Alert System' (RAPEX). Notifications of products representing a serious risk almost doubled from 388 in 2004 to 701 in 2005 with nearly 50 per cent of the notifications concerning imported products. More than half of the notifi-

Information Roundup

A decorative graphic on the left side of the page consisting of several yellow and grey stars of varying sizes, arranged in a pattern that suggests the European Union flag.

cations referred to electrical appliances (34 per cent) and toys (25 per cent), with 32 per cent of notifications identifying electric shocks as the main danger. As in previous years, a high share of the dangerous products notified originated from non-EU countries, in particular from China, and the trend is increasing. Through RAPEX, national authorities notify to the Commission products presenting a serious risk for the health and safety of consumers, with the exception of food, pharmaceutical and medical products.


European health and consumer protection Commissioner Markos Kyprianou said:

'There is still room for improvement, not just by withdrawing the product from the market, but also by making sure that the respective producer or importer is identified.'

Free movement of workers has had positive impact in UK

The United Kingdom, together with Ireland and Sweden, have experienced high economic growth, a drop of unemployment and a rise of employment since the 2004 enlargement of the EU, according to a European Commission report, with workers from the EU10 helping to relieve labour market shortages, especially in the construction, catering and domestic work sectors. The three countries were the only ones of the old EU 15 not to impose national restrictions on workers' free movement in the EU which were introduced in May 2004 on workers from the eight new EU Central and Eastern European countries. In the 12 EU countries using transitional arrangements, where workers managed to obtain access legally, this has contributed to a smooth integration into the labour market. However, evidence suggests that some of these countries may also have faced undesirable side effects, such as higher levels of undeclared work and bogus self-employed work. For the EU as a whole, flows of workers have been rather limited.

Information Roundup

A decorative graphic on the left side of the page consisting of several yellow and grey stars of varying sizes, arranged in a pattern that suggests the European Union flag. The stars are set against a light blue background that also features a large, faint arrow pointing upwards and to the right.

The report's statistics, submitted by the EU Member States themselves, show most countries have seen lower than expected labour flows from Central and Eastern Europe. There was no evidence of a surge in either numbers of workers or welfare expenditure following enlargement, compared to the previous two years with EU10 nationals representing less than 1 per cent of the working age population in all countries except Austria (1.4 per cent in 2005) and Ireland (3.8 per cent in 2005). Relatively speaking, Ireland has seen the largest inflow of workers which contributed to its very good economic performance.

While fully acknowledging Member States' right to decide on the further use of transitional arrangements, Vladimír Špidla, EU Commissioner for employment, social affairs and equal opportunities recommends Member States carefully consider whether the continuation of transitional arrangements is needed, in the light of their labour market development and the evidence of this report, saying:

'Free movement of workers is one of the four fundamental freedoms of the EU. This report clearly shows that the movement of free workers has not had disruptive effects on EU15 labour market. Quite the contrary individual countries and Europe as a whole has benefited from it.'

Member states have until 30 April 2006 to decide whether to lift national restrictions. The Commission's report will now be presented to the Council.