



# Euro News

The UK Network of Euro Info Centres  
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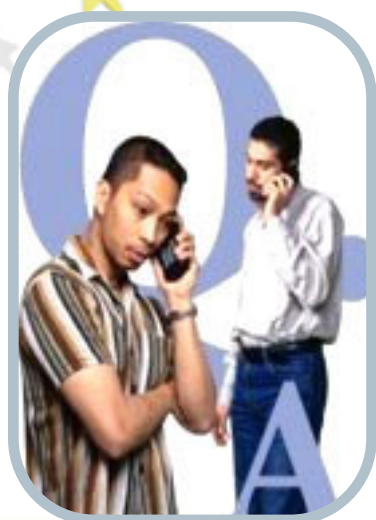
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# Questions and Answers

## Question:

How can I cut the administrative and legal costs of running a company established in one or more countries in the EU?



## Answer:

The European Statute into effect on 8 October 2004. The Statute is a legal instrument that gives companies that have operations in more than one country the option of forming a public limited-liability company, the European Company, i.e. being established as one company under Community law. The European Company Statute is applicable throughout the European Economic Area (EEA), i.e. the 25 EU Member States, Iceland, Liechtenstein and Norway. This means that European Companies will be able to operate throughout the EEA with one set of rules rather than having to comply with the legislation of each of the countries where they have an operation. A European Company is known formally by the Latin term 'Societas Europaeae' or SE and has a legal personality, i.e. it can sue others or it can be sued.

Becoming an SE can reduce administrative and legal costs significantly, as it allows companies established in more than one country within the EEA to merge or form a holding company or joint subsidiary; thereby operating throughout the EEA on the basis of a single set of rules and a unified management and reporting system. Hence, the legal and practical constraints arising from the existence of 28 different legal systems can be avoided. Companies will be able to expand and restructure their cross-border operations without having to set up a network of subsidiaries governed by different national laws.

An SE must have a minimum capital of €120,000 and more if it is registered in a country that requires a larger capital for certain companies. An SE can be set up in four different ways:

- Merger (only for public limited companies from different

## Questions and Answers

countries).

- Formation of a holding company (for public or private limited companies with registered offices in more than one country).
- Formation of a joint subsidiary (for legal entities from more than one country).
- Conversion into an SE of a public limited company previously formed under national law and which has had at least one subsidiary in another country for at least two years.

For more information, contact the Euro Info Centre at LCCI for a free fact sheet on the topic (Tel: 020 7489 1992, Email: [europe@londonchamber.co.uk](mailto:europe@londonchamber.co.uk))

# European Day of Languages

## Celebrating linguistic diversity, plurilingualism and lifelong language learning



Image: © European Community, 2005

The European Day of Languages (EDL) that takes place on Tuesday 26 September is a celebration of language learning and linguistic diversity promoted by the Council of Europe. First launched in 2001, the European Day of Languages has become an annual event on the recommendation of the Council's Committee of Ministers. The day is organised in a decentralised way, so everyone is free to focus on the specific themes or objectives they choose. Last year there were nearly 800 events in 36 countries across Europe.

Schools, colleges, universities and companies across the UK are encouraged to get involved in the European Day of Languages by organising and taking part in events to promote and advance linguistic diversity and language learning.

### Why do we need to speak more languages?

Only 6 per cent of the world's population speaks English as a mother tongue. Over 75 per cent of people in the world speak no English at all. The UK already exports more to France than the Commonwealth and experts believe we could double our trade with Europe - and add £116 billion to our Gross National Product - if we overcame language barriers.

The main objectives of the European Day of Languages are to:

- Target new learners/new types of learner;
- Raise awareness of your institution and its work with languages;
- Raise awareness of the value of language learning;

## European Day of Languages

- Alert the public to the importance of language learning;
- Increase awareness and appreciation of all the languages spoken in Europe;
- Encourage lifelong language learning.

If you are interested in organising an event on Tuesday 26 September why not visit the official website of the European Day of Languages [www.ecml.at/ed/](http://www.ecml.at/ed/); the website has loads of information about the Day and activities in previous years.

There are also free downloadable resources such as posters, stickers, e-greeting cards and logos, which you can use to badge your own events and you can also advertise your event on the database.

# Grants in June 2006

There were over 600 new amendments to the schemes on the Grantfinder database in June 2006. The list below is just a small selection of this month's new programmes. Please contact your local Euro Info Centre, if you would like more information on any mentioned programmes or are interested in finding out about funding for your business.



## **Media plus - i2i Audiovisual**

A call has been issued to provide funding for independent European production companies. Measures supported are:

- Insurance for audiovisual productions
- Completion guarantee for film production
- Bank financing for film production work.

The application deadline is 10 July 2006.

## **Civil Protection Action Programme**

A call has been issued to support disaster recovery for companies, institutions or bodies in the private sectors, government organisations and national or specialised training centres. The programme covers the following actions:

- Information to the public
- Maximising lessons learned from e.g. terrorist attacks
- Psycho-social aftercare
- Risk assessment and management
- Safety of vulnerable groups
- Assessment methodologies
- Follow up of completed projects or workshops
- Fire prevention and safety measures.

The application deadline is 6 July 2006.

## Grants in June 2006

### **Victims of Terrorist Acts - Pilot Project**

A call for local authorities, voluntary organisations and private companies to put in place support for victims of terrorist acts is expected in July 2006. Eligible activities are expected to be:

- Commemorating victims of terrorist attacks
- Social reintegration and medical programmes for victims
- Support for professionals offering psychological support to victims.

### **EU/USA cooperation - Atlantis Programme**

The general aim of this programme is to promote better understanding and interaction between the peoples of the EU Member States and the US. This programme has two actions: the first supports consortia of EU and US higher education institutions to implement dual or joint degrees. This includes travel grants for students and teaching staff with a budget of 696,000 euro for a four-year project. The second is a policy-oriented measure which supports multilateral EU-US education and vocational training projects which are funded on the EU side by up to 50,000 euro for up to 75 per cent of costs.

The application deadline is 7 July 2006.

### **European Year of Workers' Mobility**

A call has been launched to support a number of pilot projects for the following objectives:

- Develop innovative instruments to enable workers and families to enhance their mobility and remove existing obstacles
- Transfer or mainstream successful worker mobility instruments and practices between sectors, regions and Member States.

The application deadline is 17 July 2006.

## Grants in June 2006

### **Intelligent Energy for Europe Programme**

Promotional and non-technical actions aiming to improve energy efficiency at Community and international level supplement research grants under FP6 (the EU's Sixth Framework Programme for Research and Development). Research is not supported under the Intelligent Energy for Europe Programme. The themes are:

- SAVE (improvement of energy efficiency)
- ALTNER (promotion of renewable energy)
- STEER (energy aspects of transport)
- COOPNER (renewable energy in developing countries).

Funding of 50 per cent is available for studies in the EU, EEA and in the acceding and candidate countries.

The application deadline is 31 October 2006.

### **Accidental Marine Pollution (2000-2006)**

This programme is open to national, regional and local organisations and covers the following themes:

- Evaluation of the environmental impact of accidents over the last five years and progress in damage assessment
- Evaluation of the state of the art of response to marine pollution accidents at European level
- Response to chemical pollution
- Recovery of heavy oil
- Pollution monitoring and detection by aerial survey and satellite images
- Role of NGOs in the field of response to marine pollution
- Claims management.

The application deadline is 6 July 2006 and in most instances

## Grants in June 2006

projects should involve two or more Member States.

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.

# Birmingham EIC Helps Out

Here are a couple of examples of the way in which your local EIC - in this case Birmingham - can help your company with queries on doing business in Europe.



## VAT triangulation

Company X is based in the West Midlands but a German company manufactures a specific machine on its behalf. The machine will be sold by the German manufacturer to an end user who is also based in Germany. The German manufacturer will invoice Company X who will then invoice the end user in Germany. Company X wants to find out if the situation involves triangulation and whether the invoice requires any specific wording?

Birmingham EIC contacted HM Revenue & Customs on Company X's behalf and the following information was supplied:

'Triangulation is the term used to describe a chain of supplies of goods involving three parties when instead of the goods physically passing from one party to the next, they are delivered directly from the first party to the last in the chain. The above transaction will indeed be triangulation. There is no specific wording required on the UK company's invoice, unless the UK company intends to use the simplified procedure in accounting for its supplies within the triangulation transaction, as detailed in public notice 725, section 9. In this instance the tax invoice issued to its German customer must be endorsed "VAT EC article 28 simplification invoice" in addition to containing all the details normally required for intra-EC supplies.

## Innovation on a European Scale

Public notice 725 can be found at:

[http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?\\_nfpb=true&\\_pageLabel=pageLibrary\\_PublicNoticesAndInfoSheets&propertyType=document&columns=1&id=HMCE\\_CL\\_000152](http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageLibrary_PublicNoticesAndInfoSheets&propertyType=document&columns=1&id=HMCE_CL_000152)

### Translating the labels

Company Y distributes a wide range of toiletries and would like to sell these products in the EU. It wants to know whether the labelling has to be translated into the national language or will English and French suffice.

The EICs across the EU were contacted by Birmingham to assist with Company Y's enquiry. Unsurprisingly, each EIC replied to state that the labelling must be printed in the national language. In Denmark, toiletries tend to be labelled in the Nordic languages, i.e. Swedish, Danish and Norwegian. In Belgium, Dutch is the official language in Flanders, and French and German in Wallonia. In Luxembourg, the labels have to be translated into at least one of the national languages, French, German or Luxemburgish.

## Opportunities for SMEs in FP7

**'My thinking was, and continues to be: if we can make life easier for the smaller actors, the life of others will also be easier.'**



Image: © European Community, 2005

The Seventh Framework Programme (FP7) will be more inclusive for SMEs than its predecessors, Janez Potocnik, EU Commissioner for Science and Research, assured participants attending a conference on SME participation in the Framework Programme in Kortrijk, Belgium, on 23 May.


SMEs are vital to the European economy, with approximately 25 million of them accounting for close to two-thirds of Europe's employment and GDP.

'Therefore, it comes as no surprise that SMEs are a key component of research and innovation policies. SMEs are often better positioned to exploit new and emerging research opportunities that address ongoing social, environmental and economic challenges,' said Mr Potocnik.

The Sixth Framework Programme (FP6) aimed to create a favourable environment for SMEs, but figures show that just 22 per cent of SME proposals considered to be of a 'very high standard' received funding, whereas 50 per cent of total projects of a 'very high standard' received funding.

The Commissioner said that while FP7 aims redress this imbalance, he rejected proposals to set quotas for SME participation. 'This brings all kinds of artificial and bureaucratic processes into motion without really benefiting the best SMEs that we are trying to get in our programmes. There are many other things we will do to help SMEs, based on a clear distinction of different kinds of SMEs, their particular needs and what they can contribute to Europe's competitiveness,' he said.

## Opportunities for SMEs in FP7

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, set against a light blue background with a large upward-pointing arrow.

Among the FP7 proposals designed to increase SME participation include simplification of the rules, procedures and administration for applicants. The Commissioner referred to the FP6 principle of collective financial responsibility, which he said was a particular problem for SMEs, particularly in collaborative research. 'SMEs are often confronted with demands for expensive bank guarantees. We propose to drop collective financial responsibility in the new Framework Programme and to replace it with a guarantee fund, which would cover the financial risks of defaulting project participants.'

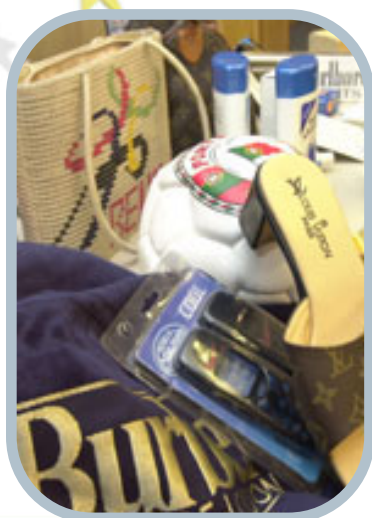
Another proposed measure is to lower financial burdens for SMEs participating in projects. The current EU contribution for industry participants is 50 per cent of the total cost of the project. Under FP7 proposals, the EU contribution would increase to 70 per cent for projects involving SMEs. 'My thinking was, and continues to be: if we can make life easier for the smaller actors, the life of others will also be easier,' said Mr Potocnik.

The Commissioner noted that successful SME participation under FP7 will also be determined by the organisation of national and regional administrations, and how they help their SMEs participate. He highlighted the need for an efficient network of national contact points and additional programmes to support SMEs' international collaboration outside the direct realm of FP7.

An example is the EUREKA EUROSTARS programme, an intergovernmental network for market-oriented, industrial R&D, which coordinates and pools national resources in order to support trans-national, multi-partner R&D projects initiated and led by R&D-led SMEs. Twenty-one EUREKA countries have agreed to participate in the programme, with another twelve indicating their interest in joining. The Commissioner concluded by saying that support for such 'promising' initiatives would be considered in the Commission's FP7 proposals.

# EU Unites to Beat the Cheats

Paul Clarke discusses Directive 2004/48 which came into effect in April this year.



In an attempt to create a level playing field for the enforcement of intellectual property rights (IPRs) the EU has introduced Directive 2004/48 to bring enforcement measures into line across the Union, especially in those countries where the enforcement of rights is currently weakest.

With effect from 29 April 2006, the Directive will require all Member States to apply effective remedies and penalties against those engaged in counterfeiting and piracy. Counterfeiting is estimated by industry sources to reduce EU GDP by €8 billion annually. Annual losses in revenue are estimated at 7.2 per cent for perfume and toiletries, 5.8 per cent for pharmaceuticals and 11.5 per cent for the toy and sports sector, while over one third of software in use in the EU is believed to be pirated.

## The best from Member State law

Based on best practice in the Member States, the measures the Directive will extend throughout the EU include injections to halt the sale of counterfeit or pirated goods, provisional measures such as precautionary seizures of suspected offenders' bank accounts, evidence-gathering powers for judicial authorities and powers to force offenders to pay damages to right-holders to compensate for loss of income.

Remedies available to right holders will include the destruction, recall or permanent removal from the market of illegal goods, as well as financial compensation, injunctions and damages. There will be a right of information allowing judges to order certain persons to reveal the names and addresses of those involved in distributing the illegal goods or services, along with details of the

## EU Unites to Beat the Cheats

quantities and prices involved.

### **Will libraries still be allowed fair use?**

Although the term 'fair use' comes from American practice, all EU States have exceptions to IPRs in place, including for private copying or library use, which roughly correspond to the American model.

The Directive does not affect the scope of intellectual property law as established by existing EU and national law but only the enforcement of that law. In most cases, therefore, such use would be exempted from IPRs and would not lead to an infringement in the first place. Similarly, with regard to downloading music, Directive 2004/48 will not introduce tougher sanctions against individuals downloading the odd track for non-commercial purposes, although it does not stop national authorities from introducing and applying tougher laws.

The Directive aims to strike a fair balance between the interests of right-holders and legitimate users of intellectual property on the one hand, and the wider opportunities the Internet offers to consumers on the other, by focusing on commercial infringements or those that most damage right-holders' interests. It is not aimed at allowing the prosecution of large numbers of individuals using peer to peer (P2P) networks for casual file swapping.

For criminal sanctions to apply, the infringement must be 'serious'. An infringement is considered serious if carried out intentionally and for commercial purposes.

### **The scope of the Directive**

Last year the commission decided that it was not clear exactly which areas the new Directive would cover. It therefore issued a

## EU Unites to Beat the Cheats

statement which laid down the fact that at least the following IPRs are covered:

- copyright
- rights related to copyright
- the sui generis right of a database maker
- trademark rights
- design rights
- patent rights, including rights derived from supplementary protection certificates
- geographical indications for food products
- plant variety rights
- trade names, in so far as these are protected as exclusive property rights in the national law concerned.

The Commission also stressed that people buying a fake watch from a market stall will not be held liable for IPR infringement as the act of buying is not subject to any IPR.

### **Compatibility with international law**

All EU Member States are bound by the rules of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. It is explicitly stated in the Directive that none of its provisions in any way detracts from these obligations but that does not mean it does not set a limit on how far each Member State can go if it wants to go further than either TRIPS or indeed the provisions of the Directive itself. The Directive extends TRIPS protection, particularly for those infringements which cause significant harm to the right-holder.

These 'trips-plus' elements are:

- a power for the authorities to seize documentary evidence relating to the suspected infringement (as well as the suspect goods themselves)

## EU Unites to Beat the Cheats

- an obligation for courts to provide information on the source of infringing goods
- 'interlocutory injunctions' (in advance of a decision on the merits of a case) to prevent suspected offenders and intermediaries from profiting from an infringement
- the seizure of offenders' bank accounts and other assets to ensure payment of due damages
- the recall of infringing goods at the offender's own expense
- the choice for the right-holder of either lump sum damages (up to double normal royalties or licence fees) or compensation for lost profits
- payment of legal costs by the offender where an infringement is established
- the winding up of companies found guilty of the most serious infringements, and
- the banning of machines used to produce counterfeit security features for goods covered by IPRs.

### **Safeguard clauses**

Where the Directive allows for seizure of suspect goods for evidence or for interlocutory injunctions, the company or person whose goods have been seized can ask for a review of the seizure or injunction.

Furthermore, the judge can make the right-holder pay a refundable guarantee, which will be forfeit if the case is unfounded. In the case of an injunction, the judge can also order the right-holder to compensate the suspected offender who is

## EU Unites to Beat the Cheats

found innocent for any loss they suffer as a result of the injunction.

Where the new legislation allows for a court to force someone involved in handling infringing goods to reveal who they bought the illegal goods from, this can only be done under certain conditions (for example, where this would not incriminate the person giving the information).

Furthermore, where it allows for various measures following a decision on the merits of a case (including recall, destruction of goods or disposal outside commercial channels), this will not be applied where the offender has acted in good faith and can agree a fair settlement with the right-holder whose rights have been infringed.

Finally, legal costs may be awarded to alleged offenders, if they are found to be innocent.

This article first appeared in Croner's Importer's Briefing, issue 239, copyright Wolters Kluwer (UK) Limited; website: [www.croner.co.uk](http://www.croner.co.uk); tel 44 (0)20 8247 1175.

# Europe on the move Filling the Skills Gap Event

Europe is on the move....following the enlargement of the EU in 2004, thousands of workers from the new member states are making their way to seek jobs and opportunities in the more established economies of 'old Europe', thus boosting an already mobile EU workforce. But what is the impact on:

- businesses and jobs?
- education, training & skills development?
- society and culture in local communities?



The European networks across the South West have joined together with all the major policy agencies in organising this important conference, Europe on the Move - Filling the Skills Gaps. The one-day conference, taking place on Friday 7 July at Taunton Rugby Club, will explore the impact of the skills and labour shortages in the SW of England and the opportunities and challenges presented to businesses and communities by a highly mobile European work force.

The conference speakers will address the issues of Employment and Recruitment, Education, Learning and Skills as well as the cultural integration of migrant workers . Case studies in themed workshops will illustrate how companies and individuals are responding to the challenges and benefiting from the opportunities, and also what support and advice is available.

The conference is free of charge and is aimed at delegates serving all sectors of the community, particularly those with an interest in business, education, employment, skills, social enterprise and cultural integration.

## Registration

To register your attendance at this event, please complete the online booking form at [livegroup.co.uk/europeonthemove](http://livegroup.co.uk/europeonthemove). Please also indicate if you have any additional requirements so

## Europe on the move - Filling the Skills Gap Event

that we can ensure your comfort on the day.

If you require any other information relating to the event, please visit the website or contact the conference office:

Website            [livegroup.co.uk/europeonthemove](http://livegroup.co.uk/europeonthemove)  
Telephone:        020 8481 3374  
Fax:                020 8481 2020  
Email:             [europeonthemove@livegroup.co.uk](mailto:europeonthemove@livegroup.co.uk)

This conference is brought to you by the Representation of the European Commission in the UK, The South West Regional Development Agency, The Government Office for the South West, Gloucestershire County Council, Eures - The European Job Mobility Portal, Business West, Jobcentre Plus, Euro Info Centre, UK Trade and Investment, Learning and Skills Council and SAVAGE -The Southern Association of Voluntary Action Groups for Europe.

# Consultations

Here we provide a selection of current consultations that are of interest to SMEs.



## **Implementing the new Electromagnetic Compatibility (EMC) Directive 2004/108/EC in the United Kingdom**

Starting Date: 03-05-06; Closing Date: 03-08-06

This consultation seeks views of businesses, manufacturers, retailers, producers and enforcement authorities on draft regulations implementing Directive 2004/108/EC of the European Parliament and the Council on the approximation of the laws of the Member States relating to electromagnetic compatibility and repealing Directive 89/336/EEC. This consultation does not seek views on the provisions of the Directive itself but on the UK government's proposed interpretation of it. Directive 2004/108/EC regulates the electromagnetic compatibility (EMC) of both apparatus and fixed installations. The Directive aims to reduce the regulatory burden on manufacturers as compared to the previous Directive. Notified Body involvement will be voluntary. There are new regulatory requirements for fixed installations.

The consultation can be found at the following address:  
<http://www.dti.gov.uk/consultations/page28218.html>

## **Dispute Resolution Procedures - Employment Act 2002**

Starting Date: 16-05-06; Closing Date: 11-08-06

The government proposes to make a minor amendment to the Employment Act 2002 ('the 2002 Act') concerning the duty on employers and employees to follow the dispute resolution procedures. Failure by either party to follow these procedures will affect the way in which the employment tribunal considers

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claims. For a particular employment right to be subject to the procedures, it must be included within Schedules 3, 4 and 5 of the 2002 Act. The proposed amendments will add three employment rights to the Schedules and therefore bring them within the scope of the dispute resolution procedure.

This consultation document presents a draft Order which will effect the change. The government considers that this change will create a more consistent treatment of employment rights and it should encourage more disputes about possible breaches of these three jurisdictions to be resolved at an earlier stage.

This consultation document seeks views on whether the three jurisdictions should be added to the Schedules, and asks for comments on the detailed drafting in the Order. The operation of the dispute resolution procedures themselves will be the subject of a separate review beginning in late 2006.

The consultation can be found at the following address:  
<http://www.dti.gov.uk/consultations/page29153.html>

# Information Roundup

## Removing obstacles to switching bank accounts

A 3D rendering of a globe with a blue and green color scheme, featuring a white building with a blue roof, possibly representing a bank or financial institution, positioned in the center of the globe. The globe is set within a rounded rectangular frame. The background of the page features a large, light blue arrow pointing upwards and to the right, with several yellow stars scattered around it, reminiscent of the European Union flag.


The European Commission is to create an expert group on customer mobility in relation to bank accounts. In particular, the group will identify any legal, administrative or other obstacles that customers encounter when opening a bank account cross-border or switching banks both at domestic and cross-border level, such as the cost of opening, maintaining and closing a bank account, direct switching costs, and others. It will then provide the Commission with advice on how the identified obstacles should be addressed. This is a follow-up action to the White Paper on Financial Services Policy 2005-2010 and is part of the Better Regulation agenda. The group will be composed of experts proposed by European or national associations, who represent customer or financial services industry interests, and of individuals with an academic background in the area. Interested associations and academics are invited to send applications to the Commission before 16 June 2006.

For more information on joining the group, please visit:  
[http://ec.europa.eu/internal\\_market/finservices-retail/docs/baeg\\_call-en.pdf](http://ec.europa.eu/internal_market/finservices-retail/docs/baeg_call-en.pdf)

## Bulgaria and Romania accession to the EU

The European Commission has adopted the May monitoring reports on Bulgaria's and Romania's preparedness for EU accession. In the light of its findings, the European Commission considered that Bulgaria and Romania should be prepared for EU membership on 1 January 2007, provided that they address a number of outstanding issues. Bulgaria needs to demonstrate clear evidence of results in the fight against corruption, in terms of investigations and judicial proceedings. It also needs to further reform the judiciary, in particular to reinforce its transparency, efficiency and impartiality. Romania needs to continue its efforts and demonstrate further results in the fight

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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, set against a light blue background with a faint map of Europe.

against corruption. It also needs to consolidate the implementation of the ongoing justice reform and further enhance the transparency, efficiency and impartiality of the judiciary. The European Commission will review the progress of the two countries again in early October this year and will consider whether the date of their accession to the EU in 2007 can be maintained. In the event of a 2007 accession, the review in October will specify any areas where safeguards or other remedial measures may be needed upon accession.

### **EU to simplify funding procedures**

The European Commission has proposed changes that will significantly simplify access to EU funds, while ensuring strict management and transparency. New rules should be in place by 2007, to equip the EU to deliver the ambitious programmes starting under the 2007-2013 Financial Framework. The usual beneficiaries of small grants and contracts, such as small and medium enterprises (SMEs), schools, universities, development agencies and small municipalities, will be faced with a reduced amount of paperwork. For example, various obligations such as the supply of evidence of clean financial health, clean criminal or professional records, or guarantees for up-front payments will be adjusted so as to be 'appropriate and proportionate'. The new proposals include an explicit principle of effective and efficient internal control, to which all EU institutions and Member States will adhere. The obligation to annually publish the list of all beneficiaries of EU funds will be extended to those policies managed by the Commission in partnership with Member States (agricultural policy, structural funds, etc.).

For the purpose of better protection of the EU's financial interests, the Commission's system of identification of beneficiaries of grants and contracts with a proven record of professional malpractice or fraud will be extended to Member States managing the EU budget. This will ensure consistent exclusion

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from further EU funding for these beneficiaries.

### **Proposal to improve remedies in public procurement**

In 2004, the European Commission conducted an extensive consultation on the functioning of the existing Remedies Directives with all major stakeholders, including Member States, awarding authorities, and economic operators and their representatives (such as business associations and lawyers). Acting on the results of the consultation, the European Commission has come forward with a new proposal on remedies in public procurement. The proposed directive would provide businesses, wherever in the EU they bid for public contracts, with more effective national review procedures when awarding authorities have infringed the EU public procurement directives. The proposed directive would apply both to improper competitive process in formal award procedures and to illegal direct awards.

The proposed directive coordinates national review procedures in the event that a legal challenge is brought by a tenderer or a potential tenderer alleging that a contracting authority/entity (such as the state, a local authority or a body governed by public law) infringed EU law while awarding a public contract falling within the scope of the Public Procurement Directives. The proposed Directive, once adopted, should increase economic operators' confidence in the fairness and transparency of the public procurement procedures in all Member States. With the new rules, national review bodies (such as national courts or administrative review bodies) will have more effective means of enforcing the EU Public Procurement Directives.

Source: [http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006\\_0195en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006_0195en01.pdf)

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### **Modernising customs and tax systems**

The European Commission has presented two proposals to renew the existing Fiscalis 2007 and Customs 2007 programmes from 2008 till the end of 2013. The new programmes aim at providing Member States with better ways of combatting tax and customs fraud and cutting compliance costs for traders and taxable persons.

### **Slovenia ready to adopt euro in January 2007**

The European Commission has concluded that Slovenia fulfils the necessary conditions to adopt the euro next year. According to the Commission report, the country has achieved a high degree of sustainable economic convergence with the other EU Member States. This is a requirement for membership in the European Monetary Union (EMU), of which all countries where the euro is used are members. The final decision on Slovenian membership will be taken by the EU finance ministers in July after a European Parliament consultation. The EU heads of state or government will also discuss the issue at their summit in June.

### **VAT on services**

MEPs are due to adopt their position on the proposed changes to rules governing VAT on supply of services. The aim of the proposal is that tax should be paid in line with where the customer is based rather than at rates based on the supplier's home country. Six largely technical amendments were adopted at the committee stage. The Parliament is only consulted on this proposal and the final say remains with the Council of Ministers.

## Information Roundup

### IEE Programme - call for proposals

The 2006 call for proposals in the field of energy under the Intelligent Energy Europe (IEE) Programme - the last under the current programme - has been published. European organisations can apply for financial support for their projects until 31 October 2006. Approximately €50 million will be made available to co-finance up to 50 per cent of the project costs.

Organisations from EU Member States, Romania, Bulgaria, Croatia, Iceland, Norway and Liechtenstein can apply.

'Intelligent Energy - Europe' (IEE) is a main means of converting EU policy for smart energy use and more renewables into action on the ground, addressing today's energy challenges and promoting business opportunities and new technologies. IEE supports European projects, one-off events and the setting up of local/regional energy agencies with a total budget of €250 million, covering up to 50 per cent of the costs.

The programme currently supports more than 200 international projects, over 30 local/regional energy management agencies, and just under 30 European events for the promotion of:

- new and renewable energy sources (ALTENER)
- energy efficiency, notably in buildings and industry (SAVE)
- energy aspects of transport (STEER)
- co-operation with developing countries (COOPENER).

For further information access

[http://ec.europa.eu/energy/intelligent/call\\_for\\_proposals/index\\_en.htm](http://ec.europa.eu/energy/intelligent/call_for_proposals/index_en.htm)

### A new Web identity

The European institutions' sites migrated to the ".eu" top level domain from 9 May 2006 onwards. The European Commission

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sites are now accessible via the new "ec.europa.eu".

The new address for Directorate General Enterprise and Industry thematic website is

[http://ec.europa.eu/enterprise/index\\_en.htm](http://ec.europa.eu/enterprise/index_en.htm).

Businesses interested in finding information about the Euro Info Centre network can now visit the following page:

<http://ec.europa.eu/enterprise/networks/eic/eic.html>

The institutions' current ".eu.int" addresses will continue to be accessible for a transitional period of at least one year.

### **Launch of the EPBD Buildings Platform**

The EPBD Buildings Platform is an information service that assists with the implementation of the Buildings Directive (Energy Performance of Buildings Directive).

The Directive that entered into force in January 2003 was set to promote the improvement of energy performance of buildings. With this in mind it sets out four requirements to be implemented by the Member States:

1. General framework for a methodology of calculation of the integrated performance of buildings
2. Setting of minimum standards in new and existing buildings
3. Energy Certification of Buildings
4. Inspection and assessment of heating and cooling installations.

The EPBD building platform has been launched by the Commission as part of the Intelligent Energy Europe programme (2003-2006). In order to support the full implementation of the Directive, the platform will set up mechanisms enabling the sharing of information between all stakeholders. In addition

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specific actions will also help the implementation:

- Platform services: all the information (databases, information papers will be available here)
- Help desk.

Last but not least the Platform should provide input and tools to support the Commission and the Member States in the follow up and evaluation of the impact of the Directive.

For more information access

<http://www.buildingsplatform.org/cms/>

### **Small Business Europe**

The following updates that are of relevance to SMEs are from smallbusiness | europe ([www.smallbusinesseurope.org](http://www.smallbusinesseurope.org)).

### **Competitiveness Council discusses SMEs**

At the Competitiveness Council meeting on 29 May specific measures for SMEs were discussed. The council underlined the crucial role of SMEs in creating growth and better jobs and the need for a transparent and simple regulatory environment. More specifically, the Austrian Presidency noted that the commission will bring forward measures that aim to help SMEs grow, including longer transition periods, reduced fees, simplified reporting requirements and exemptions. A similar commitment was also made by EU heads of state at the 2006 Spring Summit. The UK delegation at the Competitiveness Council highlighted a project that the Small Business Service (SBS) will be undertaking regarding exemptions for SMEs following an announcement in the Budget. The SBS will consult UK business representatives and then work with the commission on this issue, as well as involving other Member States. More information should be available in two to three months.

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### **French proposals on SME access to public procurement**

The French Government presented a proposal to the ECOFIN Council on 5 May, suggesting that a system along the lines of the USA's Small Business Act should be adopted by the EU. This would involve ring-fencing a minimum percentage (23 per cent in the case of the USA) for public procurement contracts to be awarded to SMEs.

Statistics suggest that this has led to a significant proportion of public contracts being awarded to SMEs in the USA, which is no doubt one of the reasons behind the French proposal. However, other observers fear that such an approach is superficial, open to abuse and would fail to tackle the more fundamental cultural and procedural barriers to a genuinely open public procurement market. Smallbusiness|europe would be interested to hear the views of UK SMEs.

### **New legal framework for payments**

The current regime of 25 national payments markets and huge variations in the cost and speed of payments is seen by some as a significant and relatively easily removable barrier to the effective functioning of the single market. This is the rationale behind a December 2005 commission proposal for a Directive on a New Legal Framework for Payments, which aims to create a harmonised approach that will allow SMEs and other consumers to benefit from lower costs and a more uniform and reliable payments service across the EU.

The commission's proposal was discussed in the parliament's Economic & Monetary Affairs Committee in late May. The rapporteur, Jean-Paul Gauzes (EPP-ED, France), hopes that the proposed directive will establish a common framework for the community payment market. By creating conditions for a harmonised payments system, the proposal seeks to reduce

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costs and improve transparency through improved economies of scale and competition.

The Commission's initiative focuses on electronic payments as an alternative for the more expensive method of cash transfers, by making electronic payment process as efficient and secure as national payments. The proposal is seen as a catalyst for the Single European Payment Area (SEPA) which is to be created by 2010 for the euro zone. The new directive intends to create a new kind of regulated entity and to impose upon these and existing payment service providers a number of "conduct of business rules", with the intention to increase transparency across the EU. In addition the new proposal aims to establish a set of rights and obligations of users and providers of payment services.

The primary aim of the new proposal is to simplify the existing directive, improve legal clarity and amend the scope of the directive to achieve a balance between consumer protection and market liberalisation.

The SME community has been relatively quiet on this issue until now, so Smallbusiness|europe would be interested to hear views from UK representatives as discussions in the parliament progress and as we try to find out more!

### **European Commission SME Day**

The European Commission organised SME Days across the EU in order to show what the EU can do for SMEs and SMEs can do for the EU. The UK SME Day took place on 8 June and was organised by the Commission's office in London, jointly with the DTI. It took the format of a roundtable discussion with small business intermediary organisations.

The Brussels showpiece event took place on 12 June, during

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which a new Commission SME Factsheet publication was formally announced by Commissioner Verheugen.

### **Federation of Small Businesses launch Brussels office**

The Federation of Small Businesses formally launched its new Brussels office on 31 May. Commission officials, MEPs, UK government civil servants, representatives of the business community and other stakeholder groups were able to see a short film detailing the experiences of five FSB members in running their businesses, as well as their views on the European Union and EU legislation. This was followed by a question and answer session with the businesses featured in the film and comments from leading policy makers, such as Mechthild Woersdoerfer from DG Enterprise and various UK and non-UK MEPs, including Edit Herczog (PES, Hungary) and Othmar Karas (EPP-ED, Austria).

Smallbusiness|europe hosted a breakfast meeting for a small group of FSB members and staff with West Midlands Conservative MEP Malcolm Harbour the following morning, during which key policy dossiers such as the Services Directive and the broader issue of how to make the EU more SME-friendly were discussed.