



Euro News

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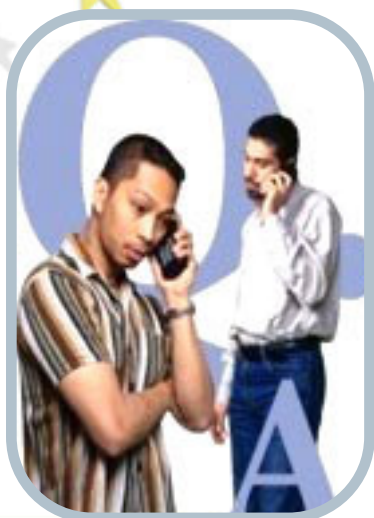
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Questions and Answers

Question:

What problems are businesses in the Greater London area having in trading in the EU Internal Market?



Answer:

Businesses continue experiencing problems when operating in the Internal Market. Last year the Euro Info Centres (EICs) in London and the East of England talked to 124 companies that faced unexpected barriers when selling their products or providing a service abroad or in the UK. The EICs recent report shows the following:

- SMEs and in particular companies with less than nine employees and self-employed people experience more problems than larger companies.
- France, one of the UK's main trading partners, continues to cause problems for companies.
- Not being able to access the right information is still a big problem for companies, over 70 per cent of the reported cases.
- The manufacturing (machinery and equipment) sector and the service sector are the sectors that experience the most problems when operating in the Internal Market.
- The legislation on the freedom to provide cross-border services needs to be improved to eliminate intangible trade barriers. Over 30 per cent of the companies faced problems when providing or wishing to provide services abroad.

London EIC based at the London Chamber of Commerce informed the European Commission in Brussels about these problems by means of an anonymous database that European Commission officials consult when evaluating existing or proposing new legislation. This feedback mechanism is an integrated part of the Commission's effort to improve the way the EU operates and is run. The Commission believes that the

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increased participation of businesses in the policy-making process will result in better policy decisions.



Add Polish to your vocabulary

Since joining the EU, Poland has experienced rapid economic growth, boosting international trade and attracting significant foreign direct investment, reports Ania Wojtus from London Chamber of Commerce's World Trade team.



As a consequence of the World War II, the Polish economy was virtually stagnant for many years. Five years occupation by the Nazis was followed by 45 years of Communism imposed by the then Soviet Union.

Since the dismantling of the Soviet empire, the challenge for Poles has been to institute major economic and political reforms to free itself from the state controlled bureaucracy and create an entrepreneurial market-driven business culture.

The success of this transformation was confirmed when Poland brought its 38 million citizens into the EU in May 2004. Joining the EU has given the economy a kick start, building on the foundations of previous reforms to create an environment in which further development and growth can be achieved.

Integration with the European structure made it easier to do business between Poland and other member states due to the correlation with the European law regulations, elimination of the technical and fiscal barriers and time-saving procedures. George Szpala, head of the Poland unit within UK Trade and Investment, said: 'The business environment in accession countries, including Poland, is improving as EU standards come into place. The economies of accession countries are expected to grow faster than the EU average on accession and for a number of years afterwards.'

Today, Poland has arguably become the most attractive country in Eastern Europe in which to do business. It is the largest of the new EU countries and has as its driving force a highly competitive, very demanding, multi-lingual and well-educated

Add Polish to your vocabulary

population. As well as English, many Poles also speak German, French and Italian.

Poland's economy is in robust shape. In 2004 growth was an impressive 5.4 per cent (at the moment it stands at 2.8 per cent due to a drop in consumer spending) and inflation was 4.4 per cent, falling to 2.4 per cent this year. The country also boasts the lowest tax burden of any EU country with tax on incomes at 19 per cent CIT and VAT at 22 per cent. Partly as a result of full membership of the EU, in 2004 exports to other European countries rose by 80 per cent in comparison with the year 2003 and by 36 per cent to the non-member states.

The United Kingdom is Poland's fourth largest export market and eighth largest import market, however there is scope for much more business between the two countries. UK goods are well received in Poland and there are a number of British companies successfully trading there. Martin Oxley, chief executive officer of the British-Polish Chamber of Commerce, said: 'The Polish economy is currently one of the fastest growing in Europe; Poland has a larger economy and population than all the other recent accession countries combined. Its strong economy - which has appreciated by over 20 per cent against sterling over the past 12 months - makes British exports far more competitive. There are huge opportunities in Poland for British firms. It is part of the single European market, with low labour costs, a low corporate tax rate and an excellent location, at the very centre of the European continent.'

Investment

The following sectors have been identified as offering good investment and export opportunities - IT and electronics, telecoms, energy, environmental products and services, food and food processing, financial services, transport and distribution, the security sector, leisure and lifestyle.

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For obvious historical reasons, Russia was Poland's major trading partner. However, according to the Ministry of Economy and Labour in Poland, most of the goods sold abroad were bought by EU countries (77.9 per cent) and the imported goods (66.9 per cent) originated mostly from the European Union making member states the main trading partners. The top commodities that Poland imports include: oils, motor vehicles and accessories, medicaments and automatic data processing machines.

Additional to the economic impact of trade has been the increasing number of foreign companies establishing a presence in the country. Over the past few years, Poland has attracted the lion's share of foreign direct investment into Central and Eastern Europe. Inflow of FDI amounted to USD 7.86 billion in 2004. Currently there are 1,001 foreign entities with foreign capital over USD 1 million. According to the UNCTAD World Investment Report 2005, Poland has been placed as one of the most attractive global business locations, in eighth position after China, USA, India, Brazil, Russia, United Kingdom and Germany.

Aleksandra Prachowska from the Business Intelligence Department of the Polish Information and Foreign Investment Agency said: 'The growing economic and political stabilisation in Poland confirmed by OECD entering in 1996 and NATO in 1999 contributed to the increased FDI flows into the Polish economy. The presence of foreign investors in the Polish market is proof of a healthy economy whilst at the same time contributing to sustainable economic growth.'

The Euro Info Centre in Lisbon has recently updated a country profile of Poland which was checked by the Polish Euro Info Centre network. The profile provides information on how to set up a company in Poland, on Polish business law and regulations, on inward investment incentives and on the Polish banking and taxation systems. Updated profiles on all the other 'new' EU

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member states and the three candidate countries are also available. Contact your local Euro Info Centre for a copy.



Grants in March 2006

There were 584 new amendments to the schemes on the Grantfinder database in March 2006. The list below is just a small selection of this month's new programmes of which there are over 2,600 on the database:



MED-PACT - Partnership Programme (Local Authorities)

Non-profit making organisations and civil societies can be awarded a grant of between €300,000 and €700,000 at 80 per cent of cost in partnership with any of the MEDA Programme countries. These are Morocco, Algeria, Tunisia, Egypt, West Bank, Lebanon, Syria and Turkey. The deadline for applications is 21 April 2006.

YOUTH - Calls for Support Measures

Grants for projects within the field of non-formal education for young people of up to €100,000 per annum are available for up to three years for:

- cultural diversity and tolerance
- less favoured regions
- Eastern Europe, the Caucasus and South East Europe
- cooperation between youth NGOs.

These are available to non-profit-making organisations that have partners in a minimum of four different countries of which one must be an EU Member State. The deadline for application is 1 July 2006.

eTEN Programme (Telecommunications)

The last call for this programme which has a €45 million budget has just been announced. This programme is of interest to organisations that have products ready to roll out across Europe and of particular interest to the smaller hi-tec company that wants to go international. Funding of €400,000 to €700,000 is

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available. The application deadline is 19 April.

FP6 - SMEs: Collective Research

A book of guidelines on 'how to initiate cooperative networks' is available free of charge for SMEs planning to carry out collective research and cooperative research with partners in the future. A number of call opportunities under FP6 will be available in the future using collaborative methods.


INTERREG Micro Projects

These projects suit SMEs as they are designed to fund cross-border projects of €50,000 or less. This innovative grant procedure enables a project to part-fund voluntary time, equipment donations and contributions. The application can cover a broad range of subjects but a most interesting aspect of the micro scheme is that it enables organisations to plan for the next major round of INTERREG projects in 2007 which has more substantial funding.

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.

Clarifying the regulations



One of the most recent cases concerning the Commercial Agents Regulations decided by the High Court has gone some way to clarifying certain aspects of the Regulations which previously had given rise to dispute. Unfortunately in doing so it leaves open the probability of continued dispute as how to measure both compensation and an entitlement to post-termination commission. Here Stephen Sidkin seeks to clarify the Regulations.

The background

PJ Pipe and Valve Co Limited was an agent in the petrochemicals industry. It was concerned with promoting and selling products (particularly valves) within that industry. The defendant, Audco India Limited, was an Indian manufacturer of valves, some of which were used in the construction of petrochemical process plants. In February 2002 the parties entered into a general exclusive agency agreement for a period of two years. However, in the Autumn of 2002, Audco acted in repudiatory breach of the agreement by indicating its intention to engage an alternative UK agent. It purported to terminate the agreement in October 2002. In December 2002 PJ Pipe accepted the repudiatory breach.

So far as the Regulations were concerned the first issue to be determined by the court was the issue of the agent's authority to negotiate. This issue arose from the definition of a commercial agent contained in the Regulations. It requires that the agent has continuing authority to negotiate the sale or purchase of goods. If the agent does not have such authority, it would not be a commercial agent and, accordingly, would be unable to benefit from the rights and protections given by the Regulations to commercial agents.

As such the issue which needed to be determined was what was meant by the term 'negotiate'. With reference to this it was clear to the court that PJ Pipe did not have authority to negotiate sales

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in the sense that it was not empowered to agree terms or pricing. However, the court was concerned to put this limitation on its ability to act in the relevant overall context of the role of an agent in the petrochemical industry.

Defining negotiation

On behalf of PJ Pipe it was accepted that it did not have authority to negotiate commercial terms and pricing with contractors when 'negotiating means either to engage in a bargaining process or to "haggle" in relation to terms or price'. However, it maintained that it had authority to 'negotiate the sale' of Audco's products in a wider sense of the term 'negotiate'. In doing so it relied on an earlier decision of the Court of Appeal in *Parks v Esso Petroleum*. In that case the Appeal Court adopted the Oxford English Dictionary definition of negotiation:

'(2) Trans. To deal with, manage, or conduct (a matter, affair etc., requiring some skill or consideration).'

It was observed by the Court of Appeal that this definition does not require a process of bargaining in the sense of invitation to treat, offer, counter-offer and finally acceptance or, as is more colloquially known, to haggle. On this basis it was necessary for the court in *PJ Pipe v Audco* to consider, first, whether PJ Pipe dealt with, managed or conducted the relevant transaction and, second, whether a material process of negotiation was involved.

On behalf of Audco it was argued that to negotiate the sale of the products is to engage in a process of discussion with others with a view to reaching agreement on the sale and, accordingly, on the terms of the sale including price, specification, delivery and other matters. As such, where an agent did not have continuing authority to negotiate such terms (in the sense of engaging and discussing with a view to reaching agreement about them), the agent did not have continuing authority to


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negotiate the sale within the ordinary meaning of those words and was not a commercial agent for the purpose of the Regulations. In contrast, it was submitted on behalf of PJ Pipe that its role as an agent was similar to that of the agent in the earlier case of *Tigana v Decoro*. In that case it had been accepted that the agent was a commercial agent in circumstances where its role was intended to be primarily introductory although an important part of its role was also to maintain regular liaison with customers (and secure repeat orders) and assist in after sales service. In doing so it would be cementing the relationship created by the initial introduction.

The existence of a commercial agent

The court in *PJ Pipe v Audco* was prepared to accept that one of a number of factors that may demonstrate the existence of a commercial agent is whether it has the authority to negotiate the sale of relevant products. However, subject to that the defendant's argument was rejected. Instead PJ Pipe was found both in the short and the long term to be retained in order to develop goodwill on the part of Audco. This was important given the purpose of the European Self-Employed Agents Directive which is to provide protection to an agent by giving it a stake in the goodwill which it has generated for the principal. In reaching this decision the court pointed to the role of PJ Pipe which was to deal with and conduct (and, in part, manage) the relevant discussions and transactions at the time when the manufacturers were being selected by the contractor. In particular the agent had effected the crucial introduction and played a significant role in persuading the contractor to be interested in Audco's products. Following this PJ Pipe assisted in ensuring that Audco was placed on the approved list of vendors and received the invitations to tender. In addition PJ Pipe assisted with quotations and queries, providing feedback and advice on how the quotation could be improved.

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In reaching this result Fulford J held that the courts should avoid a limited or restricted interpretation of the word 'negotiate' that would excuse agents which have been engaged to develop the principal's business in this way, and who had successfully generated goodwill for the manufacturer, to the latter's benefit after the agency terminated. As such, PJ Pipe was a commercial agent for the purpose of the Regulations despite it lacking authority to progress agreement on commercial terms or prices.

In this respect the decision is to be welcomed. For some time there has been uncertainty as to whether a so-called introductory agent was a commercial agent for the purpose of the Regulations. In part, this uncertainty was exacerbated by the mealy-mouthed statement contained in the Department of Trade and Industry's Guidance Notes issued in September 1994. However, following on from Parks and Tigana, it is clear that PJ Pipe represents the final nail in the coffin of those who would seek to argue that an introductory agent is not a commercial agent for the purpose of the Regulations.

The issue of compensation

The court then turned to the question of how compensation under the Regulations was to be calculated. It was recognised that within Great Britain there has not been developed a consistent approach to this issue. Reference was made to *King v Tunnock* where the French approach was followed by the Scottish Inner House of the Court of Session. It was also pointed out that in the English cases which have followed *King* the courts have sought to identify other principles or factors as being relevant to the amount of compensation. As such, in *PJ Pipe v Audco*, the court was presented with both a challenge and an opportunity. The challenge was to determine a way of providing compensation to PJ Pipe given the short duration of the agency agreement as against the two-year benchmark approach applied usually in the French courts. The opportunity was to try and lay

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down a definitive approach to the calculation of compensation both for PJ Pipe as well as for those disputes between agent and principal which might follow.

In response Fulford J commenced by agreeing with the views expressed by the Court in Tigana that regard is to be had to the French benchmark approach as one factor (by way of a comparator) in the overall consideration of an award of compensation under Regulation 17. Fulford J then went on to express the view that flexibility is critical given that cases and circumstances in respect of claims under the Regulations vary infinitely. He recognised that a line of reasoning, based on a certain selected approach, may lead to a fair result in some cases but not in others. He therefore agreed with Tigana in that regard was to be had to the 'balance sheet' of relevant considerations by reference to the circumstance of each case.


In reaching this decision Fulford J justified his departure from the two-year French benchmark approach. Consequently he was free to follow any particular approach. However, in order to provide justification for his eventual decision he stated that:

1. the relevant approach to be applied when assessing compensation will be largely fact-dependant; and
2. judges should be free to identify those matters that are relevant to the circumstances of a particular case.

In calculating compensation, whilst it is necessary that there is an appropriate and fair result, it may be necessary in some situations to accept that compensation cannot be calculated with a high degree of precision and that instead it will be necessary to apply a broad-brush approach.

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. The Regulations

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then provide examples of situations where as a result of termination such damage will be deemed particularly to occur. The first is where termination has deprived the agent of the commission which poor performance of the agency contract would have procured for him whilst providing his principal with substantial benefit linked to the activities of the agent. However, to Fulford J's mind this did not mean that it was a necessary precondition that the principal had benefited from the agent's prior efforts. On the contrary the issue of the benefits to be provided to the principal may have a prospective or retrospective focus (or both) depending on the circumstances.

Looking at past achievement

Following on from this and given his wish to arrive at an appropriate and fair result, Fulford J decided that it was necessary to try and determine whether PJ Pipe would have been able to earn commission by proper performance of the agency had the agreement not terminated in December 2002. The counterpart to this was that it was for the court to attempt to gauge what had been lost as a result of the termination of the agency agreement. In doing so the court was to look at what had been achieved in the past.

It was necessary for the court to have in mind the commercial realities of the situation. Compensation was to be assessed on the basis of what, on balance, would have happened during the relevant period had the agency agreement continued. With reference to this it was noted by the court that PJ Pipe had been let down repeatedly and seriously by Audco. As such it was unlikely that the relationship between them would have continued beyond the expiry of the 12-month period.

On the facts of the case the court recognised the importance of the first successful introduction given that once a manufacturer has achieved a foothold in the market further opportunities may

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reasonably be expected to follow. In respect of Audco this was of considerable importance given that it was little known in the UK market before PJ Pipe's efforts in 2002. On the other hand, the court considered that on the facts it would be wrong to concentrate on particular petrochemical projects where Audco had obtained orders as a result of the activities of PJ Pipe insofar as this would exaggerate the earnings which PJ Pipe might have achieved in the 12-month period had it remained Audco's agent. On this basis Fulford J held that the fairest and most proportionate result was to approach compensation on the basis that over that 12-month period and, given the distrust which existed between the parties, PJ Pipe would have effected one further successful introduction in fulfilment of its agency.

A rough and ready calculation

Part of the judgment was concerned with the court being called upon to determine the percentage of commission to be paid by Audco to its agent given the uncertainty of the commission terms in the agency agreement. This lack of certainty and consequently the decisions arrived at by the court, were to play an important role in determining the amount of compensation to be awarded to PJ Pipe under the Regulations.

This is because having established that the agent would have secured one further order for the principal, Fulford J was then left with the task of determining the amount of commission which that order would have generated. In doing so he chose to take the average of the commission paid or awarded by him in each of the six projects (or phases of projects) where the agent's activities had resulted in orders for the principal. In doing so he recognised that there was an element of 'rough and readiness'. He also recognised that the average produced a relatively low figure given that PJ Pipe had been able to effect introductions at a rate well over one a year and that one of the commission rates used in determining the average had been 2 per cent.

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Accordingly, in order to provide a balancing factor for the agent he ordered that compensation would be paid on a gross rather than net basis.

If the judgment given in this case is followed then in determining the amount of compensation the courts will look to the following:

1. Flexibility is critical. As such regard is to be had to the 'balance sheet' of relevant considerations by reference to the circumstances of each case.
2. If the agency agreement has had a short life, the two-year French benchmark approach will be of a little assistance in securing a just result.
3. On the contrary it is necessary to apply a fact-driven, broad-brush approach in determining the amount of commission which the agent would have earned had the agency agreement not terminated.

The other issue concerning the Regulations was that of the calculation of post-termination commission. The Regulations provide an entitlement to commission on transactions concluded after the termination of the agency agreement if the transaction is mainly attributable to the agent's efforts during the period of the agency agreement and if the transaction was entered into within a reasonable period of time after the agreement terminated.

In looking at this issue it is clear from the judgment of Fulford J that the facts are all important. First in determining whether an order received after termination was 'mainly attributable to the agent's efforts made before termination'. It was also important in determining what might be a reasonable period. In *PJ Pipe v Audco* it was accepted by the court that it was normal given the engineering requirements of large-scale petrochemical projects that there could be a gap of 19 months between one order resulting in a further order being made.

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In conclusion

Overall the nature of the judgment given in *PJ Pipe v Audco* is such that in respect of compensation it is likely that the battlefield will turn to arguments as to the factors to be taken into account for the purpose of the balance sheet. Moreover in assessing post-termination commission it can be expected that if the facts permit, agents will seek to be inventive in linking orders placed pre-termination with those received by the principal after termination. As such, some may question whether the Regulations have been clarified at all by this judgment.

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Worker's Mobility: A Right, An Option, An Opportunity?

The European Year of Workers' Mobility was officially launched at a conference entitled 'Worker's Mobility: a right, an option, an opportunity?' in Brussels on 20 and 21 February.

The launch event

The conference was opened by the president of the Commission, Mr José Manuel Barroso, the Austrian Minister for Economy and Employment, Mr Martin Bartenstein, and the Commissioner for Employment, Social Affairs and Equal Opportunities, Vladimir Špidla.



A roundtable, chaired by Jerome Vignon, Director at DG Employment, was devoted to a discussion on 'Free movement and the functioning of transitional measures'. The new EURES platform for EU job vacancies was then officially launched. Three workshops on mobility were held in parallel on the morning of the second day:

- Promoting a culture of mobility amongst workers: the social partner's perspective
- Geographical mobility: a tool for competitiveness and job creation
- The case for occupational mobility: the lifelong learning model and the transparency of qualifications.

The conference closed with speeches by Mr Jan Figel, Commissioner for Education and Culture, Mr Janez Potocnick, Commissioner for Science and Research, and Mr Nikolaus Van der Pas, Director General for Employment, Social Affairs and Equal Opportunities.

Mr Van der Pas also announced that respondents to the call for proposals issued in October 2005 will be notified in the following days as to whether or not they have been accepted.

Worker's Mobility: A Right, An Option, An Opportunity?

Participation of the EIC Network at the launch event

Mathieu Henceval and Elisabeth Josine Derksen of the EIC network Central Support Structure (CSS) ran a stand on behalf of the EIC network. The other stands were run by DG Research, EURES, DG Education and Culture, and Europe Direct.

EIC activities in the framework of the European Year (seminars, promotional activities, responding to calls for projects, etc.) were highlighted. The visitors were provided with useful information on the network (brochures, leaflets and posters). Participating at this event also enabled the EIC to draw attention to the local cooperation between major European Networks such as EICs, Innovation Relay Centres or EURES. For this purpose the following documents were handed out to visitors:

- a brochure, published by the different European services active in Brittany, that helps citizens and businesses find the right contact people for their projects and requests;
- two brochures edited by the EICs of Liguria and Torino promoting the cooperation at local level between the major European services active in these regions;
- different signpost services put in place by EICs.

Call for pilot projects

The call for pilot projects in the framework of this European Year of Workers' Mobility is expected to be published in March 2006. The Commission will co-finance up to ten pilot actions with an innovative approach in the field of workers' mobility. The global budget of the call is €2 million.

Worker's Mobility: A Right, An Option, An Opportunity?

For more information on the European Year of Workers' Mobility and the launch event (contributions of the speakers will soon be available) please consult the website of the European Year of Workers' Mobility (in 20 languages):

http://www.europa.eu.int/comm/employment_social/workersmobility2006/index_en.htm

The EURES webportal is available at:

<http://europa.eu.int/eures/home.jsp?lang=en>

Consultations

Excises: Call for input on the forthcoming review of Community Excise Legislation

The European Commission has launched an online consultation for views from the public and business on reforming Community excise legislation.



The consultation is based on a paper (see below) which seeks information on the current legal framework (Directive 92/12/EEC) and various aspects of the forthcoming reform. It gives information on the need to review Community excise legislation to provide the necessary legal basis for the Excise Movement and Control System (EMCS). The document also gives an overview of other modifications which could be considered in the context of the review process with a view to align the text of Directive 92/12/EEC with modern standards.

This paper is mainly of interest to stakeholders in the production, trade and movement of excise products to which Directive 92/12/EEC applies (alcohol and alcoholic beverages; manufactured tobacco products; energy products). This concerns among others (federations of) producers of excise products and (federations of) companies involved in the distribution of excise products, such as warehouse keepers, transport companies, guaranteeing organisations, etc.

The purpose of consulting the public on this issue is to provide input to the discussion, gather relevant feedback and assist Commission services in developing their thinking on the subject. This consultation is based on the document 'Review of Community Excise Legislation (Directive 92/12/EEC)'. The document does not necessarily reflect the views of the Commission nor does it mean that the Commission is committed to any official initiative in this area.

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Comments are invited by 30 April 2006. Submissions may be made in writing or by e-mail to the attention of Mr Albert Hendriks, European Commission, Directorate General Taxation and Customs Union, Administrative Cooperation and fight against fiscal fraud, Office MO 59 5/ 20, B-1049, Brussels, Belgium, E-mail: taxud-d4@cec.eu.int

A report summarising the outcome of the consultation will be published on this website. Please indicate whether for confidentiality reasons you do not wish to disclose the fact that a contribution has been submitted on your or your organisation's behalf.

Internal Market: Commission asks industry and other stakeholders for their views on future patent policy

The European Commission has launched a public consultation on how future action in patent policy to create an EU-wide system of protection can best take account of stakeholders' needs. While the Community Patent remains a priority, the Commission is also seeking views on what measures could be taken in the near future to improve the patent system in Europe. All interested stakeholders, including industry and individuals, are encouraged to reply. The closing date is 31 March 2006. Internal Market and Services Commissioner Charlie McCreevy said:

'Good intellectual property rules are essential: by stimulating innovation and leading to the successful development of new products, they help to generate growth and jobs. We want to maximise these benefits in Europe by making the single market for patents a reality. This is why I am asking businesses and individuals alike to give me their views on how we should move forward to achieve this. Meanwhile we will of course continue to strive for the Community Patent, which remains central to our policy.'

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The Commission is committed to boosting the competitiveness of EU industry and improving the framework conditions in which it operates. To this end, industrial property, which includes patents, has been identified as one of the seven major cross-sectoral policy initiatives in the Commission's new industrial policy put forward on 5 October 2005. As part of its commitment to Better Regulation, the Commission has launched this consultation to ensure that any new proposals in the area of EU patents policy reflect stakeholders' needs.

The consultation focuses on three major issues: the Community patent; how the current patent system in Europe could be improved; and possible areas for harmonisation. The Commission is also seeking views on what action could be taken while work on the Community patent is continuing, in particular within the framework of the existing European patent system, or by bringing national patent systems more closely in line with each other through either approximation of laws or mutual recognition of national patents. The legal framework for jurisdiction over patent disputes is an area of significant interest in this context.

The feedback obtained from stakeholders will form the basis of a hearing, which the Commission intends to organise in Brussels on 13 June 2006.

The questionnaire is available at:

http://europa.eu.int/comm/internal_market/indprop/patent/consultation_en.htm

More information on the EU's industrial property policy is available at:

http://europa.eu.int/comm/internal_market/indprop/index_en.htm

Evaluation of the late payment directive

The European Commission is currently undertaking a consultation and study aimed at evaluating the impact and effectiveness of the late payment directive (2000/35) in commercial transactions.

The directive was adopted for several reasons, but in particular it was felt that dealing with late payment throughout the EU could be better implemented at community level rather than member states acting individually. SMEs also suffer the most from late payments, as they impose an unnecessary and administrative financial burden. Late payments have been responsible for many cases of insolvency, which in turn has led to unemployment and decreased SME competitiveness throughout the EU.

The purpose of the study is to verify whether the directive and its implementation by the member states has provided any effective benefit to SMEs when dealing with late payments in commercial transactions.

For further information on this subject please go to www.latepayments.org where companies and representative organisations can complete a questionnaire. The consultation period finishes on 25 April 2006.

Information Roundup

Free movement of workers positively impacts on UK

A 3D rendering of a globe with a blue and white building structure inside, surrounded by yellow stars and grey arrows.

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. The 12 EU countries using transitional arrangements, where workers managed to obtain access legally, have found that 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. The report's statistics, submitted by the EU member states themselves, show most countries having 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

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the evidence of this report: '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 an EU15 labour market. Quite the contrary individual countries and Europe as a whole has benefited from it,' he said.

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.

Send your entry for the Good Practice Awards 2006!

The European Agency for Health and Safety at Work is inviting nominations for the seventh European Good Practice Awards in occupational health and safety.

These awards aim to demonstrate, by example, the benefits of following good safety and health practices to all European employers and workers, and to schools, colleges, young people and their parents.

The examples to be entered are implemented solutions to promote the effective management of the occupational safety and health of young people in the workplace, and prevention measures to reduce the incidence of accidents and ill health amongst young workers.

In addition, all entries should therefore show good management practice, particularly the effective use of risk assessment and implementation of its findings, and should be focused on the successful prevention of risks to young people.

Should you wish to take part in the Good Practice Awards, please contact the Agency's focal point in your country at the following web address: <http://ew2006.osha.eu.int/goodpracticeawards>