

European Business News  
From the Southern Area EIC  
February 2004

News - Events - Legislation - Services

Welcome

Welcome to the first Newsletter of 2004 from the Southern Area European Info Centre. Our newsletters are a way of keeping our clients informed about events taking place in the European Union. In this issue we have chosen to look at:

The Irish presidency - The "Made in EU" label - Country profile of Poland -  
Strengthening measures to support SMEs - The Euro rise - Partenariats in  
2004 - Trade Missions March- Issues with the Single Market?

The Irish Presidency

"We begin this work today with ambition and with humility. And above all,  
with determination to serve Europe well and to show that though  
we  
are small, we can be as effective as any"  
Prime Minister Mr. Bertie Ahern at  
the opening ceremony speech 01.01.04

It is safe to say that a turbulent year is awaiting the Irish Prime Minister who took over the rotating Council Presidency on the 1st of January. Not only will the Irish Presidency preside the accession of 10 new Member States in May and thereby be the first presidency to "govern" a union of 25, it will also face the difficult task of kick starting fresh discussions on the European constitution after the talks collapsed in mid December.

On top of this, the Irish Presidency will take place in a period when other key European institutions will not be working as normal: The European Parliament will be dissolved after it finishes its legislative work in April as the elections start shortly after (in June).

The staff in the EU Commission will also change as they end their term during the Irish EU Presidency.

A two-speed Europe?

The December breakdown has refuelled the old debate of a core of insiders and outsiders within the Union. Since it was clear that a compromise on the new voting system was impossible, the idea of a two-speed Europe has emerged again.

Mr. Bertie Ahern has stated to Le Monde that "A two speed Europe, or a hard core, where certain countries would try to implement their agenda separately from the others, does not correspond to the common philosophy of the Union"

With these words the Prime Minister could set himself up in opposition to France and Germany who are the heart of the drive to establish "a core" Europe. The obvious differences were downplayed at a meeting between Commission President Romano Prodi and Bertie Ahern on the 6th of January but they still exist.

With so many difficulties ahead, little is expected from the Irish Presidency. However this might also turn out to be an advantage - when not much is expected it is easier to create successes.

Whether they can "be as effective as any" is therefore to soon to tell.

Homepage of the Irish presidency <<http://www.eu2004.ie/>>  
[www.eu2004.ie](http://www.eu2004.ie).

Commission plans a "Made in EU" label

Plans for a compulsory "Made in the EU" label for products manufactured in the EU are currently under discussion, but not all EU countries and business groups are backing the idea.

The Commission thought about the issue with the underlying idea that it could promote the EU's image abroad, improve consumer information and help fight counterfeiting, but firms are sceptical that the plan will bring them a real advantage.

Brand experts have also criticised the plan with the argumentation that consumers have few positive associations with the EU (and) It is unlikely that a "made in EU" marking would carry the same cachet as a "made in

France" or "made in Germany".

Besides the doubts of it working, it is also feared that it will cause an unnecessary increase in costs due to bureaucracy and extra administrative work.

EU officials' stresses that the Commission has still to decide if it wants to draw up a formal proposal. Before it can become a legal act it has to be approved by the member states, some of which has made clear their opposition to the idea.

#### Country profile: Poland

Of the 10 new countries joining the European Union on the 1st of May Poland is by far the largest. Starting the transition to a liberal economy in the late 80's with mass privatisation in the mid 90's, the Polish market is today functioning according to the "liberal doctrine".

The privatisation of small and medium state owned companies led to a rapid development in the private sector with the industrial and manufacturing sector forming the mainstay in the economy. However, growth in sectors such as electronic and light, food and beverage processing glass, textiles and forestry are getting significant. Poland is also one of the fastest growing economies in Europe and UK's largest trading partner in the Eastern block.

The huge Polish agricultural sector however, remains handicapped by structural problems, labour surplus, inefficient farms, and a lack of investment.

Structural reforms in health care, education, the pension system and state administration is furthermore resulting in fiscal pressure larger than expected and combined with an unemployment rate well above 15%, Poland is still far from being comfortable with the Market economy.

The Polish consumers are also most likely to expect a rise in prices at 2 to 3 % this year as Poland enters the European Union. Throughout 2002 and 2003 the inflation rate in Poland has been rather stable at around about 2.0%.

Mr. Leszek Balcerowicz, Central Bank President said earlier this month that "Most of the price increases (in 2004) are linked to the changes in indirect taxes related to Poland's adaptation to the European Union, but also the budget situation". He added that the present situation is far more optimistic compared to 14-15 years ago where consumer prices could increase by 20% to 40% a month.

Strengthening measures to support SMEs: Commission opened 28 Euro Info Centres in 2003

More small and medium sized Enterprises (SMEs) will benefit from the services of the Euro Info Centre network thanks to the opening of 28 new Euro Info Centres (EICs) in 14 different countries last year, the Commission announced the 19 December 2003.

Turkey is the largest beneficiary of the extension with 8 out of 28 of the new Euro Info Centres. This follows the decision taken at Helsinki European Council in 1999 where Turkey was granted the status of applicant for membership in the EU and encouraged to intensify and accelerate the process of political and economic reform. To assist this process, Turkey was authorised to join the Multi-annual Programme for Enterprises 2001-2005, the framework of the EIC network.

Enterprise Commissioner Erkki Liikanen said: "This is good news for small and medium sized enterprises. In the framework of the Lisbon strategy (...) EU action is essential to foster a more entrepreneurial Europe. The extension of the Euro Info Centre network brings our objective of offering concrete business support to as many companies as possible a step closer".

The effect of having an additionally 28 EICs will not only add important value and benefit the individual countries, but will bring about advantages for the network as a whole, it is estimated. With the new EICs the network will consists of 321 offices in 42 countries ranging from The EU's most remote regions to Chile.

Also on 19 December, the Commission announced that it was simplifying its rules governing the provision of State aid for research and development

(R&D) for SMEs. Under new plans, which will come into force in January 2005, Member States will be able to grant R&D aid (below a certain threshold) to small companies without having to notify the Commission, thereby speeding up the process and reducing the administrative burdens.

Euro rises to record-breaking heights, while satisfaction drops

January witnessed a Euro in an endless rise in value against the dollar over a 4-month period. The rise caused worries in trade unions and officials in the ECB where especially European Central Bank President Jean-Claude Trichet was under pressure to stabilise the Euro. At the same time a survey has shown that the satisfaction with the Euro has fallen.

The consequence of the Euros rise has many far-reaching economic impact for the 12- Euro zone countries as it makes export to the US much more expensive. This means that countries relying on e.g. US to buy their goods can expect lower growth. But as Germany economy is very export-driven, a lower growth in the euro zone in general is expected in the first quarter of 2004 because of Germanys economic weight.

Consumers e.g. tourists, the other hand, should be able to benefit from the increased value, as the euro is able to "buy more" abroad. This, however will in the long-run have a negative impact on the domestic demand, and would in fact put a downward pressure on growth, as imported goods can become cheaper than products manufactured within the country leaving domestic company with less work than usual.

In the words of Nobel Prize winning professor in currency union currencies Robert Mundell, who also lay the intellectual foundation for the euro, the rise of the euro "is very serious (...) there is going to be almost no job growth in Europe with rates at this level, which is really uncompetitive" For Jean-Claude Trichet pressure has been mounting to make appropriate action to stabilise the euro. He has expressed his strongest concerns over the rapid rise of the Euro in a effort to move the market, saying that "brutal moves in the dollar were unwelcome for the euro zone (...) excessive exchange volatility are not welcome and not appropriate"

While the euro rose on a nearly daily basic, the satisfaction with the euro is falling according to a survey done by Cetelem in October and November last year. The report published the 8th of January, shows that Europeans

has become significant more unhappy about the single currency over the past four years and that 59% of the 5000 interviewed believes that "there are disadvantages to the single currency"

Italians were the most critical with 78% expressing concerns, followed by the Germans. The Brits are also among the sceptical. British unease about the euro rose from 48% in 1999 to 65% in the latest survey.

#### Partenariat in 2004

What is a Partenariat?

A Partenariat is an event that offers you a unique opportunity to market your company in several different countries at the same time. At each event, literally hundreds of companies from the European Union and further a field visit the host country.

At each Partenariat event there will be a focuses on a number of industry sectors and over a 2 day period the participating business meet to establish contacts, gain information on far away marketplaces, negotiate deal and much more...

The requirements are that all participating companies must demonstrate their capacity and willingness to trade internationally.

#### Partenariats in 2004:

"Futurallia" Poitiers, France 2-4 June

Target sector: Agriculture, food-, wood-, and plastics processing, building and civil engineering works, biotechnologies, chemicals, electrics, optics, environment, transport, housing, mechanical and metallurgical industries, printing, publishing, health, information and communication technologies and textile and clothing.

Presentation and information of the event can be found on: <  
<http://www.futurallia-online.com/>> [www.futurallia-online.com](http://www.futurallia-online.com)

"Go-East" Sala, Sweden 7-8 June

Target sector: Metal projects, Woodworking, Electronics/It, Food and beverage, Tourism and Product for disable.

Presentation and information of the event can be found on  
[www.euroinfo.se/goeast](http://www.euroinfo.se/goeast)

At all events The Euro Info Centre will help arrange all necessary contacts and will be standing by to answer any questions.

If you wish any further information e.g. on catalogues, deadlines, registration, programmes etc. Please contact Richard Hall at:

023 8083 2688

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Trade Week in March

At the beginning of March an "International Trade Week" will be held in 5

different towns and cities in the Wessex Region. This will be run by Business Link Wessex and the EIC will contribute. The aim of the campaign

is to demonstrate the comprehensive and changing range of services and sources of support that are available to companies engaging with International Trade. The target group of this campaign is therefore companies having the potential to export plus companies looking for new markets, companies having very recently started trading internationally and

experienced international traders. The Campaign will be held as listed below:

Monday 8 March - Portsmouth, Marriott Hotel

Tuesday 9 March - Basingstoke, The Ark Centre

Wednesday 10 March - The Chine Hotel, Bournemouth

Thursday 11 March - Holiday Inn, Southampton

Friday 12 March - Isle of Wight, Quay Arts Centre, Newport

For full details on programme and "hotspots", attending speakers etc. please call or email Mr. Richard Hall:

023 8083 2688 [southarea.eic@southampton.gov.uk](mailto:southarea.eic@southampton.gov.uk) or browse the link: BLW <

<http://www.businesslinkwessex.co.uk/itw>>

Problems with the internal market?

One of the main purposes of the EU single market is that a company in Portsmouth should sell their products in Berlin as easily they do in Weymouth. Those of you who have experience of trading in the EU will know

that this is not always the case. In order to rectify this, the European

Commission's 'Interactive Policy Making' (IPM) initiative was launched 2

years ago. It consists of a Business Feedback Mechanism which enables us to

collect feedback directly from businesses who have experienced problems with the workings of the single market. This valuable additional knowledge

will help the European Commission to shape new policies and improve

existing ones. So if you have experienced any difficulties, please let us know! You can email us your experiences by browsing the link:  
<<http://www.southampton.gov.uk/education/libraries/feedback.htm>>

If you do not want to receive our newsletter in future please reply to this e mail with the word "REMOVE".