

ENTERPRISE CONNECTIONS

The Newsletter of the



EESC Employers' Group

EDITORIAL

It gives me great pleasure to welcome the 35 counsellors from the 10 new Member States who have just joined Group I. Their appointment was officialised by the Council on 24th May 2004, and already the next day, 27 members attended the extraordinary Group I meeting, demonstrating their strong commitment to become fully and quickly involved in our activities. The full list of new Group I members can be found on page 4 of this Newsletter.

At the extraordinary meeting, we were particularly honoured by the presence of Commissioner Erkki Liikanen, who briefly presented his Entrepreneurship Action Plan and New Industrial Policy to the assembled Employers Group members. The real value-added, however, resided in the lively discussion with the Commissioner afterwards, which covered a wide range of business-related topics. Our colleagues Madi Sharma and Antonello Pezzini found a favourable listener in Mr. Liikanen for their respective requests that the Commission request the Committee to explore further the role that business can play in growth for Europe, and the positive impact for the European economy to stimulate further cooperation between SMEs which are established in



hi-tech development poles and so-called clusters.

Group I members were also actively involved in the conference that the Committee had been asked to organise by Commission President Romano Prodi on the political priorities and the financial perspective of the EU budget for the period 2007-2013. Over two days in an in-depth discussion, involving all aspects of organised civil society, a number of critical and constructive comments emerged from the discussions, and especially from the three workshops that looked at the three 'pillars' of the Commission's Communication.

Finally, the Committee is leaving its current offices on the Rue Ravenstein to occupy the fully renovated building on the Rue Belliard that was formerly occupied by the European Parliament. June 2004 sees us officially installing all 95 members from the new Member States and also moving closer to the Council of Ministers, the Commission and the European Parliament, thus contributing to a better and stronger visibility of the Committee and its activities as one of the Union's two Advisory Bodies.

Giacomo Regaldo

LIIKANEN GUEST OF HONOUR

Speaking at our extraordinary meeting on the 25 May, Mr Liikanen said:

"As you know, entrepreneurship and small businesses are - particularly for the European economy - a key source of jobs, business dynamism and innovation. Some 25 million SMEs in Europe provide more than two-thirds of total jobs in the private sector. Our most dynamic SMEs account for around 80% of new jobs created.

With our new **Entrepreneurship Action Plan**, we therefore intend to target practical issues such as: How do we encourage entrepreneurial initiative and are we doing enough to



How do we handle the handover of family businesses from one generation to another?

How do we make sure that if a business fails people are given a second chance?

We need to change our attitudes towards entrepreneurial initiative and risk. Entrepreneurs should not be discouraged by disadvantages in social security.

Entrepreneurship is first and foremost a mindset. **One cannot change attitudes by law.** Entrepreneurial attitudes are built over long periods of time by cultural learning, education and perceived opportunities. This means

that we have to start at schools.

The Action Plan is moreover a framework, which will allow developing new initiatives in the five strategic areas. Once the actions defined today are on track, we will together go further.

Your opinion on these possibilities - as well as any suggestion you may have for future key actions - are very welcome!

To conclude, ladies and gentlemen of the Employers' Group of the EESC - you yourselves are a stakeholder in your own right and I invite you to help us to the best of your capacity, skills available, networking possibilities and geographical coverage to make the Entrepreneurship Action Plan a success.

We have started a process that will lead to more Europeans becoming entrepreneurs in the near future."

EUROPEAN ENERGY PACKAGE

A revision of the **Trans-European Network (TEN)** guidelines will be needed for the **Accession countries** to be a part of the internal market for electricity and gas. The medium-term objective is to create an **European electricity and gas market**, of more than 35 countries and a population over 600 million.

In order to meet this objective, additional detailed measures are needed regarding the manner in which transmission systems are operated. For electricity, similar measures have been set in place by a Regulation adopted in June 2003. This Regulation provides for:

- common tariff structures, including for cross-border trade,
- the provision of information on interconnection capacities
- rules regarding congestion management.

On the other hand, the role of **natural gas in the future energy scene** of Europe is of particular interest. The demand is **growing rapidly**, and the Community is becoming increasingly dependent on gas

imports. To ensure the effective functioning of the European energy market and the future supply system, the **second gas market Directive**, adopted in June 2003, is expected to provide the necessary **structural changes in the regulatory**



framework. The Directive provides for the right for all non-household gas consumers to freely choose their supplier by 1 July 2004 and all customers to have the same right by 1 July 2007. It also provides for third party access to transmission and distribution networks on the basis of:

- published and regulated tariffs,
- access to storage facilities on a

negotiated or regulated basis,

- legal unbundling of transmission and large and medium sized distribution companies
- establishment of a regulatory authority on each Member State.

The estimated amount of investment required in the period of 2007-2013 for the construction of priority projects for **electricity and gas networks** is around **€28 billion**, of which **€20 billion** in the EU and **€8 billion** in third countries.

Meanwhile, some difficulties to finance extensive construction projects have been referred to as a serious obstacle. **Public-private partnerships** need to be developed.

At the same time, representatives of the gas transmission underline the need for a reliable, stable and incentive-based regulatory framework in order to make investments possible and minimize risks for investor.

The EESC Rapporteur for this subject is Ms SIRKEINEN from the Employers' Group

ENVIRONMENTAL TECHNOLOGIES ACTION PLAN

One of the major challenges for the success of the **Environmental Technologies Action Plan** is the ability to define priorities and establish a hierarchy to assess, not only the effectiveness of environmental technologies, but also their economic viability.

BUILDING THE ACTION PLAN

A certain number of points should be stressed out in order to contribute for this success:

- the existence of a potential to promote environmental technologies,
- targeted and effective incentives for the introduction and development of these technologies,
- develop a long-term perspective for the markets in order to permit investment,
- create an environment that encourages those who develop, purchase and use environmental technologies,
- the introduction and development of environmental technologies is a medium- and long-term activity.



INCENTIVES FOR ADOPTING ENVIRONMENTAL TECHNOLOGIES

Incentives are to form a coherent whole and be put to good use. It will be necessary to establish some sort of classification or hierarchy like: risk capital for launches, more traditional loans

during the development phase, tax incentives to consolidate the market.

EVALUATION AND STANDARDISATION

A validation mechanism and networking system for data on certain key technologies would be very useful for both enterprises and the public authorities, especially if there is a wish to include some form of "best environmental value" in public procurement.

INVESTMENTS

The use of existing financial instruments and the creation of new ones to share the risk of investing in environmental technology projects and companies, notably through risk capital funds, requires skilled analysts who can assess the projects' technical and economic feasibility.

ACTING GLOBALLY

Effective aid must be based more on the transfer of simple and cheap "intermediate" technologies. This would already be an improvement on the present situation. However, steps should be taken to ensure that intellectual property rights and patents are respected.

MOVING FORWARD

The EESC proposed an "Environmental Ombudsman", who would be responsible in particular for highlighting the obstacles to the development of environmental technologies created by rules and regulations. This proposal would be more operational

than the establishment of a vast forum, which would be in danger of getting lost in generalities.

There is no point in hoping that Environmental Technologies will take off if they cannot find a buoyant and competitive market. The challenge therefore is to define ways and means to promote good practice and the development of environmental technologies

(loans, subsidies, tax incentives), which encourage and facilitate market access, or even market creation, without leading to totally artificial support for environmental technologies which are not economically viable.

*The EESC Rapporteur for this subject is
Mr BUFFETTAUT from the Employers' Group*

EU - THE BIGGEST WORLD PLAYER IN THE TEXTILE AND CLOTHING SECTOR

The suggestion that globalisation would inevitably sideline the textile industries of the industrialised countries has turned out to be false. The European continent is still the biggest exporter of textile products in the world and the second biggest clothing exporter in a global import-export market of over €350 billion in 2002 (6% of world trade).

STRONG GROWTH IN "NON-CONVENTIONAL" SECTOR

More than 2.1 million people continue to be employed in the European textile industry. This is considered as a reliable indicator of its vitality and great potential. Thanks to considerable innovations in the field of both processes and products, the industry continues to contribute to European wealth with an annual turnover of over €200 billion.

The ancillary sector presents a strong growth, particularly in the "non-conventional" sector of hi-tech technical textiles, which now accounts for almost 30% of all output and with research and development spending approaching 8 to 10% of turnover.

The textile sector is faced with a permanent process of restructuring and modernisation, combined with a marked slow-down of economic activity, production and employment. It is however a strategic sector which continues to provide employment. In its conclusions, the Council – aware of the sector's value – invited the Commission to report back by July 2004 on initiatives, which might take the form of an Action Plan to support the textile sector.



2005 THE END OF THE QUOTAS REGIME

As 2005 and the end of the quotas regime approaches, the following urgent measures are requested:

- the possibility of tapping new financial resources;
- a special intervention to be introduced within the Structural Funds;
- investment in training and hence human resources;
- compulsory labelling of product origin for all countries and tractability at all stages of production;
- attention to consumer health through relevant labelling of risk-free products;
- reciprocity in customs tariffs with countries developing rapidly in the sector;
- review of agreements with third countries, removing tariff concessions for countries infringing the rules of trade and sustainable development;
- review of the organisation of European customs, in order to ensure specific checks to reduce fraud;
- a strong financial commitment to research and innovation and assistance to businesses, especially SMEs, so that they can diversify production to include technical and intelligent textiles.

COUNTERFEITING IS NO LONGER CONFINED TO LUXURY GOODS

According to Commissioner Bolkestein, all everyday consumer products are now potential targets for counterfeiting and pirating with the result that SMEs are increasingly falling victim to counterfeiters.

*The EESC Rapporteur for this subject is Mr PEZZINI
from the Employers' Group*

TRANSPORT CATEGORY VISITS THE SIDMAR PLANT IN GHENT

The SIDMAR plant in Ghent is an integrated coastal steelwork belonging to the Arcelor Group. Arcelor was created through the merger of Aceralia, Arbed and Usinor, and became effective on 18th February 2002. Its interest for the EESC Transport Category resides in the fact that as an integrated maritime steel company, SIDMAR deals with the arrival of its raw materials via the Terneuzen Ghent sea canal through very large sea vessels – at the plant, the raw materials are transformed into high-quality steel products and then

shipped on to customers by rail, waterways galvanising lines and laser-welding lines and road.

The Ghent site was first acquired in the late 1920s, yet the actual SIDMAR plant was constructed from December 1963 onwards and operations started in January 1966. The company has been conscious that it constantly needed to improve the quality of its production; recent developments include



which have been added on site, thus offering customers more hi-tech products. Although the SIDMAR site has so far been successful in increasing quality whilst at the same time reducing production costs, it is

beginning to feel the limitations of its location on the right bank of the Ghent - Terneuzen sea canal.

Today only so-called *Panamax* vessels with a dead weight of 80,000 tons and a draught of 12.25cm (exceptionally increased to 12.30 cm since optical trimming of these vessels was introduced before entering the sea canal) can travel up the canal to unload at SIDMAR's own quay.

A new sealock at Terneuzen and a deepened canal for Cape-size ships are quickly needed in order to be supplied in raw materials at a reasonable cost. (Today the rent of a Panamax ship on the spot market is \$40,000 per day; therefore minerals and coal arrive via Rotterdam and Antwerpen per so-called *Cape-size* and with barges to Ghent). Plants with which SIDMAR competes directly have direct access from the sea for vessels of 150,000 tons and more, which represents a distinct competitive advantage for them in today's markets.

Another bottleneck at the plant, once the vessels have arrived, lies with the special situation surrounding Belgian dockers; dockers effectively exercise a monopoly position in all Belgian sea ports and



deprive a company like SIDMAR from freely, effectively and safely organising work in its own harbour installations.

This situation was created in 1972 by the socialist minister for social affairs, Mr. Major. This legislation is today anachronistic and gives dockers the potential to have a stranglehold on SIDMAR's operations; it certainly contributes to an additional handling costs that the company could well miss in today's competitive steel markets.

The Transport Category was impressed with the cleanliness of this modern steel making plant; by the measures taken to avoid having a negative impact on the environment (SIDMAR is ISO 14001 certified); and by the determination of management to continue to keep the plant in the top of the production league, despite the handicaps with which the site is faced today. It will be interesting to see how the SIDMAR plant, which currently employs some 5,500 people, will evolve in the coming years.

OUR NEW MEMBERS

CZECH REPUBLIC



Ms Drbalová
Mr Volěš
Mr Zbořil
Ms Zvolská

LITHUANIA



Mr Arlauskas
Mr Lasiauskas
Mr Morkis
Mr Žygis

POLAND



Mr Donocik
Mr Dorda
Mr Drabko
Mr Komorowski
Mr Krawczyk
Mr Malinowski
Mr Mulewicz
Mr Szydłowski
Mr Tornberg

ESTONIA



Ms Päärendson
Ms Tshistova

HUNGARY



Mr Csúport
Mr Nagy
Mr Vadász
Mr Vértes

SLOVENIA



Mr Stantič
Mr Stojan

CYPRUS



Mr Antoniou
Mr Mavrommatis

MALTA



Mr Calleja
Ms Sciberras

SLOVAK REPUBLIC



Mr Liška
Mr Mihók
Mr Oravec

LATVIA



Mr Bērziņš
Ms Jaunzeme
Mr Kociņš

EVENTS TO COME

TRANSPORT CATEGORY

On 28th and 29th October 2004, the Category Transport will be organising a study trip to the KV-Terminal of the German railways (DB) in Cologne.

Leaving Brussels after the October Plenary Session, the trip will start with a dinner and discussion with one of the top DB-managers on the future of the Trans-European Networks. On 29th October, a

visit to the container and freight terminal is planned, with a further exchange of views with the management of this KV-Terminal. Participants will be back in Brussels on late Friday afternoon.

Study trips organised by the Category are open to all members of Group I and members of the Committee with an interest in transport matters. For further details, please contact Fabiola Fabris of the Group I secretariat.

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