

The ENTREPRENEUR



Paul Rübig,
MEP
President of the
SME-UNION

Welcome

to the 6th edition of the quarterly magazine of the SME-Union. Following the good feedback of the last five editions, we are encouraged to produce further publications.

I am very proud to tell you...

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Antonio López-Istúriz,
Secretary
General,
of the EPP

Lisbon Objectives 'Crucial to Europe of 25'

This is a decisive year for the Union. 2003 will see ratification of 10 new accession treaties, the last step in the process of creating a Europe of 25, and soon enough...

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Hans-Werner Müller,
UEAPME
Secretary
General

Brussels's Spring Summit:

The analysis of the current situation shows, that Europe's economy does not only suffer from external effects such as the burst of the bubble on the stock markets, political uncertainty and negative risks on the oil markets. There are also...

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MEP,
Vice-chair of the
SME-Circle

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EU-legislation is closely monitored and strongly influenced by multinational corporations. SMEs, on the other hand lack often the necessary financial and personal means to get their voices effectively heard on the European, in particular on the EU...

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FOR A STRONG EUROPE BASED ON STRONG SMEs!



free
TRADE



for a
better world



SME-NEWS JAN-MAR 2003

EU enlargement conference of SMEs

How far can Europe really grow, without hurting SMEs further, is the question to be discussed on January 30th 2003 in the European Parliament, Brussels. The conference addressed the crucial and pressing question of where SMEs fit in, in the sphere of the second enlargement round. Do the countries of the first round wish to accept new countries? Can synergy effects be used to facilitate the process? Despite the willingness to overcome and supersede the obstacles of financial preparation in such a highly regulated business medium, what kind of future do SMEs realistically face, in this kind of environment?

SME UNION WEEK, March 25 to 28 2003 - FOR A STRONG EUROPE BASED ON STRONG SMEs



The SME UNION has the pleasure to inform you about the SME WEEK at the end of March, which is for us the most important event of the year. We will start it with a bureau meeting followed the next day by the General Assembly, bringing together all our members and giving them the opportunity to discuss the challenges for SMEs which are ahead of us. This year the successful 2years Presidency of Paul Rübzig MEP comes to an end and we are celebrating its transfer to Jacques Santer at the SME Conference on the 27th of March. This event will also be

the starting point and foundation meeting for SME GLOBAL and will reunite 200 representatives of SME organisations from all over the world. They have the opportunity to participate in various panel discussions and workshops on a wide range of topics, generally based on the future of SMEs and the influence of Basel II and future of EC legislation.

We are looking forward to welcoming you in Brussels!

Turkey visit of SME UNION Feb 2003

Lisbeth Gronfeldt Bergman, MEP Mod-Sw and Günther Fehlinger, GS SME UNION travelled to Ankara at the end of February to investigate the political situation and find potential partners for SME projects in Turkey. Helped by the Konrad Adenauer Foundation the SME UNION delegation had four important meetings with leading representative of the political and SME world of Turkey. We met the Vice-president responsible for international relations Mr. Saban Disli and great interest on both sides was expressed to intensify the cooperation. The AK party has the declared aim of becoming a party comparable to the CDU and other leading centre-right parties of Europe and that process definitely should be encouraged.

US Visit of SME Union Building stable relations as a basis for our Joint Global Leadership Initiative



Senator Peter Bond with Günther Fehlinger.

The 2nd visit of the SME UNION to Washington had the aim of structuring the cooperation projects, which have been discussed during the high level visit of last July. The idea is to create a network of leading centre-right wing politicians who are working on Small Business issues in their respective political systems. Especially Senator Christopher Bond of Missouri who has worked extremely successfully in order to create the legal framework for the Small Business miracle of the US positively received the initiative of the SME UNION on the US side. Low taxation, simple legislation, respect for property and a mentality in the whole society which supports risk takers and awards entrepreneurship have been preconditions for the recent boom. <http://www.sba.gov> Senator Bond assured the SME UNION representative of his support for the project. The concrete implementation will depend on the availability of leading US Congress members of the Republican Party to one of the meetings of SME GLOBAL. The first will take place during our election congress in Brussels on the 26/27 of March and the 2nd one during the next WTO ministerial round planned for 10th to 14th of September 2003 in Cancun, Mexico.

Visit to Congress
On the staff level this visit was already a big success when it comes to meeting the responsible people of the Small Business Committee of the US Senate and the House of Representatives. There was a lot of interest in exchanging our legal projects and benchmarking the legislation when it comes to the effect of SMEs. Leading Republican Senators interested and well informed about what is happening in Europe are Sen. Hagel, Sen. Olympia Snowe, Sen. Bennet, Sen Burns and Sen. Allen. The latter is a member of the EU subcommittee and the SME UNION could arrange a meeting with his staff.

Visit to Mexico



On the 9th of January the SME UNION held a day of meetings with high ranking officials from the Mexican side in order to prepare our delegation trip to Mexico for this coming September. The SME UNION will organise this trip as a second milestone after our first visit to Washington in July 2002 in our series to promote the SME UNION in the main partner countries of the EU. The plan is to visit Mexico City from the 8th to the 10th of September and Cancun from the 10th to the 14th of September. During our previous visit to Mexico, the SME UNION had the chance to discuss this project with the leadership of the Christian Democrat Party PAN, the Partido Del Action National, Vicente Fox's party, the President of Mexico who has achieved so much in just two years and who has finally established democracy in Mexico and simultaneously put an end to almost 90 years of socialist semi-dictatorship. A huge achievement in itself.

It has been agreed upon, that a workshop on WTO, amongst other things, will be undertaken in Mexico City between the 8th and 10th of September 2003. Speakers at this vitally important workshop will include Dr. Hubert Gehring, Konrad Adenauer Stiftung Representative for Mexico, and in addition Luis Felipe Bravo Mena, President of the PAN Party of Mexico. The meeting of both aforementioned officials will undoubtedly signify a markedly significant progress in relations between SMEs in Europe and abroad.

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EDITORIAL



Paul Rübzig, MEP President of the SME-UNION

Dear Friend of the SME Union.

Welcome to the 6th edition of the quarterly magazine of the SME-Union. Following the good feedback of the last five editions, we are encouraged to produce further publications.

I am very proud to tell you that the works of the last months proved to be an extremely fruitful period for

the SME-Union in which we successfully managed to increase our efforts for small and medium sized entrepreneurs in Europe.

I would like to focus your attention on the last conference of SME-Union, which took place on the 30th of January: "SME in South Eastern Europe- Political stability and economic growth. The European challenge."

From the 20th to 23rd of January the SME UNION organized a tour through the

three countries which constitute the European Region of Banat. The whole idea of the tour was to support the links between our member organization in Serbia, Romania and Hungary in order to build up political support for the improvement of infrastructure, the reduction of fear and prejudices and the encouragement of political and economical cooperation between these three neighboring countries.

Another important topic of the year 2002 was Basel II. These guidelines have to be dealt

with in order to protect our SMEs from being subjected to harm. Consequently, the SME-Union invited various experts from the Commission, Eurochambres, UNICE and other organisations as well as Members of the SME-Circle, to a working breakfast on Basel II on November 14th, 2002 in order to ensure that the interests of SMEs are not forgotten.

Yours, Paul Rübzig

FOR A STRONG EUROPE BASED ON STRONG SMEs

register on-line
www.sme-union.org

5th SME Public Congress 2003
27th March 2003, European Parliament, Brussels

SME UNION
SMALL AND MEDIUM ENTREPRENEURS UNION OF THE EPP

CUT TAPE
40%
DANGER TO SMEs!
Joint Global Leadership Initiative
let's protect history world

SME UNION 2003



Günther Fehring
Secretary
General
of the
SME Union

After two years of struggle the SME UNION is now a factor in the European politics. At least inside the EPP, the EP and the SME community there are not a lot of people who have not seen some of our publications, read some of our papers or attended some of our events. The first year was devoted to establish the SME UNION on the Brussels landscape and the second year to establish a network in the candidate states. For the year 2003 the focus is now to strengthen our network in Western Europe. It will be just a question of energy in Northern Europe, Italy, Spain and England because we do have strong party contacts or a strong representation inside the SME Circle. The key for the success of this strategy though lies in France. Here the signs are more than positive. The French SME community is extremely positive about the new government's attitude towards PME as they call it and therefore it should be possible to get them involved. Especially the

Presidency of Mr. Jacques Santer will give a great boost to our cause in Western Europe due to his past as President of the EU Commission and his present position as a leading member of the EU convention.

The second focus for 2003 will be to structure our activities in different profit centers which are closely interconnected but cover very specific tasks. SME UNION, SME CIRCLE, SME GLOBAL, SME WOMEN and the European Enterprise Institute - the SME Foundation will be the basis of our strategy to make Europe really more competitive. We do not need the Lisbon pillow talk but far reaching reforms of our economic system turning Europe into a strong and powerful UNION based on the economic success of its SMEs and employees finally living up to their potential due to a legal framework allowing them to create jobs, growth and prosperity for all. The SME UNION with the task to influence the EPP and its member parties and therefore most of the leading political entities of Europe, the SME CIRCLE working with the EPP/ED group in the European Parliament, with the European

Commission and with the European Council, SME GLOBAL trying to build up a network of center-right politicians fighting for further liberalizations of trade inside the WTO, SME WOMEN trying to promote female entrepreneurship and working to promote the mentality of self reliance and independence for women in SMEs and as leaders in business. And the European Enterprise Institute which will be modelled on the US-American Enterprise Institute and which will be charged to research and analyze the status quo and produce easy to use briefing material of relevance for the decision makers of Europe. Under the leadership of the SME UNION these 5 entities will work independently and hopefully successfully in order to push hard for a reform of the European economic model. Indeed it is our analysis that the situation is pretty serious. President Bush is in the process of decreasing the tax level of the US economy for the second time in only the third year of his Presidency. Considering the fact that tax levels are already 30% lower that is something to match for us. No wonder the US economy is projected to grow this year.

What will be the answer of the EU harmonizing faction? Harmonise taxes globally or discredit the American model as unjust? Of course both. How will we answer? We have to benchmark the reality of the US and the EU, convince the public and fight tax harmonization because in that way the pressure can be kept on the high tax countries of Europe like especially Germany.

That will be the main areas of activity for 2003. The whole package of tax reform, Basel 2 and company taxation, tax competition and tax cuts. The second priority will be market access for SMEs with the priorities of completion of the internal market and the further liberalization of world trade which is why we will go to the WTO round in Cancun. For this we will need a lot of supporters and friends. We need input in all ways because our struggle is so important and it is our responsibility to turn Europe in a strong and prosperous UNION based on its SMEs and serving its people to strive for prosperity and happiness.

ROVSING: ENTREPRENEURSHIP MUST BE REWARDED!



Christian Rovsing
MEP

Small and medium-sized enterprises are more than just the bread and butter of Europe. They are part of the social fabric of our society, providing occupation for an overwhelming part of the work force, playing an active role in their local community and by promoting a flexible and swift approach to technological innovation and shifts in the marketplace.

As a politician and an entrepreneur I am doubly proud to congratulate the SME Union of the European Peoples Party on the fruits of your work in the past year. From my work within the European Parliament and through my affiliation with the SME Union Circle, I have followed your accomplishments with great admiration and interest.

Representing the interest of small and medium sized enterprises in Europe is thus not a task to be taken lightly. Entrepreneurship and innovation have become popular buzzwords for the world of politics, but the SME Union of the EPP is one of the few political actors representing true business interests - because you knew them, and preached them long before the political system was prepared to listen.

And there is much work yet to be done. Ensuring smaller businesses enjoy equal access to European research & development schemes such as the 6th Framework programme is a must. Business is by definition small until it becomes successful, but also business without growth as their explicit objective must be considered in the EU-Commissions road-plan for the future of the internal market.

The much-talked-of Lisbon process is at one and the same time a mighty challenge and a unique opportunity for the European governments. Making Europe the most competitive region of the world economy is indeed a great feat to accomplish, and forms a highly praisable ambition that should steer all political action and regulation in the years to come, if it is to bear fruit.

Unfortunately, not much has yet been made of the promises made in Lisbon, and the SME Union must continue to remind EU governments and legislators of their obligation to make good on their words. We already share the knowledge of what is needed: Entrepreneurship must be rewarded, innovative research be converted into commercial know-how, and developing businesses must have access to the necessary investment capital.

And so, inherent in the Lisbon process lies a dual challenge, reflecting European diversity. Present EU-member states must acquire a new sense for encouraging entrepreneurship and the rigid labour markets must be made flexible. In the coming member states bigger obstacles to the prosperity of SMEs relate to the inadequate legal protection and framework, and a lack of seed capital.

When discussing these and all the many other topics of relevance top small and medium-sized enterprises, the SME Union of the European Peoples Party is always present, always active, always pushing for SME interests to be taken into account on the political agenda.

I wish you the best of success in your future work. The small and medium-sized enterprises in Europe deserve it, Europe deserves it - and so do you!



Lisbon Summit 2000.

European Council at work.

Lisbon Objectives 'Crucial to Europe of 25'



Antonio López-Istúriz,
Secretary
General,
of the EPP

This is a decisive year for the Union. 2003 will see ratification of 10 new accession treaties, the last step in the process of creating a Europe of 25, and soon enough of at least two more, Bulgaria and Romania. As is becoming clear, the enlargement process is far from being a matter of simply adjusting the old arrangements. The new Europe - the reunified Europe, as we prefer to see it - is qualitatively different from the old one.

That implies not just changes to the internal European order, but to the role we as Europeans play on the world stage. Are we up to it? The Iraq crisis has at the time of writing tested our capacities, and to an extent exposed our weakness. But I believe that we can and must build a strong Europe. And the essential, the first principle, is to do what we have undertaken to do. No Union is worth the name unless it keeps its word. At the Lisbon Summit in Spring 2000, EU leaders agreed to a bold medium-term strategic objective: to transform the Union into the world's most competitive and dynamic knowledge-based economy, capable of sustained economic growth, offering more and better jobs, and greater social cohesion.

To stick to that programme in a time of great economic and political uncertainty will not be easy. But it is of the essence. An economically weak or incoherent Europe can hardly be expected to be noticed, let alone be taken seriously. If the ambitious Lisbon programme is to become reality, then we must start now, with practical measures.

Fortunately the EPP is in a position to ensure this happens, if we show enough political will. We can and we will. Three years on from Lisbon, we are back in the vanguard of European initiatives. Since Lisbon, the EPP

programme of bold but practical reform has been consistent, and has been instrumental in steering the European economy in the right direction.

I think for example of the liberalisation of key sectors such as telecoms - one of the fruits, I am proud to say, of the Spain's EU presidency in the first half of 2002. Similarly, in the energy market, there is now the prospect of the complete opening of the electricity and gas markets by 2005. This is good for everyone except those drawing excessive profits from artificially protected national markets.

The overall thinking in the EU about Europe and its direction has - I believe this is no exaggeration - been strongly influenced by the basic ideas and strategies set out in the EPP Congress paper in Estoril last October. A Constitution for a Strong Europe reflects a broad consensus. After all, it was debated and agreed by our 60 member parties. I hope that those ideas will prove to be the catalyst for a new, tougher Europe, one equipped with the institutions it needs to be effective.

Politics is above all a matter not of theories but of leadership. For the Lisbon process to achieve 'critical mass', especially in these more troubled times, a decisive push is needed. When could be better than now, the 10th anniversary of Europe's Internal Market?

I personally have no doubt that Europe is capable of providing that essential ingredient of leadership, both now and in the future. I think of the promising young politicians learning their craft in such organisations as the SME Union. But I think also of the wealth of business and managerial talent and creativity to be found in your membership - Europe's thousands of Small and Medium-Sized Enterprises. The SMEs are key to sustained

economic growth, a source of new jobs and an important element of social cohesion. But perhaps even more important is that you are the best instrument for channelling innovation. And we can help by recognising that SMEs need, not the dead hand of state (or EU) patronage and interference, but the conditions in which they can grow.

So the key point is to ensure there is the right economic climate, one which favours entrepreneurship and therefore greater competitiveness: streamlined procedures for setting up new businesses, lower costs, lower taxes, and access to finance along the lines of the Basel II agreement. If the SME-Union has new or other ideas for helping its members, please tell us! No-one can pretend that the economic picture is not sombre, more than it was when the Lisbon objectives were agreed. But I remain convinced that these objectives remain both crucial and achievable.

We need only to keep our eyes on the ball, and to avoid the pitfalls which have damaged the European economy in the past, and which in some areas remain potholes in the road to a more vigorous economy: tangles of red tape, and a tax burden which - almost everywhere in the Union - is too high for both individuals and companies. Spain and Italy are among the EU Member States which have demonstrated there is another way, and that it works: more transparency and flexibility in the tax system, and cut regulations were it is safe and sensible to do so.

I firmly believe such reforms are essential for Europe's economic health and stability, both of which are in turn so dependent on strong SMEs. They are - you are - and remain, the backbone of the whole European economic system.

Brussels Spring Summit: Last chance for Lisbon targets



Hans-Werner Müller,
UEAPME
Secretary
General

The analysis of the current situation shows, that Europe's economy does not only suffer from external effects such as the burst of the bubble on the stock markets, political uncertainty and negative risks on the oil markets. There are also many home-made problems, with the delivery gap in the implementation of the Lisbon strategy coming first. Whenever Europe's economy is bad the politicians call on SMEs in order to recover. A task SMEs are willing to undertake to bring the economy back on a growth path. Therefore, the European Union's Head of States must realise that it is not enough to promise economic and structural reforms. It is not enough to call on reforms, those have to be implemented. Europe's entrepreneurs wait for delivery in order to be able to start with investments. Three years after the start of the Lisbon Strategy, we do not face real progress regarding:

Europe's companies pay higher prices for less quality - PRIVATISE NOW

•**budgetary reforms:**
Taxpayers money should be used for future investments, not for consumption - REDUCE COSTLY PUBLIC ADMINISTRATION

•**reduction of shadow economy:**
High non-wage labour cost are the main reason for shadow economy - MAKE LABOUR CHEAPER

Europe's economy is in a difficult situation with SMEs suffering more than export oriented companies, if there is no dynamic on regional level. There is no reason why Europe has to depend that much on the development in the US. Europe's economic policy decision-makers have it in their hands to change the situation. The European Spring Summit has to become the day of delivery.

Finally, I want to mention a further dimension. On the eve of the Spring Summit, there will be a first meeting of the new Tripartite Social Summit. The European Social Partners will meet the Presidency and the European Commission. On this occasion, we will finally know whether the Trade Unions will be able to support a modern labour market policy or if they will continue with a policy, which is only helpful to employees in the protected sectors. We have to make clear, that the high level of unemployment in Europe is also a result of a wrong and misguided policy of Trade Unions.

I am an optimistic person and therefore I am sure the governments have learnt from their own shortcomings during the last year and will make new efforts. Europe's SMEs depend on it.

European Council 20 - 21 March 2003

European Council is the name given to the regular meetings of Heads of State and Government of EU Member States, and the President of the European Commission (sometimes also called Summit). Foreign affairs ministers of the Member States also take part in European Councils. The meeting is usually preceded by an exchange of views with the President of the European Parliament. It is convened in principle four times a year, twice during each six-month Presidency. The European Council on 20-21 March 2003 (also known as the "Spring European Council") will take place in Brussels. It was announced that the Heads of State and Government this time will concentrate on the so-called "Lisbon Strategy" goals of economic reform, employment, social cohesion and sustainable development. The Lisbon European Council (23-24 March 2000) set a new strategic goal for the Union "to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion" by 2010.



Justus Lipsius Building,
Venue of the Brussels Summit.



KAUPPI: POLITICS IS ABOUT SETTINGS PRIORITIES!



MEP, Vice-chair of the SME-Circle

EU-legislation is closely monitored and strongly influenced by multinational corporations. SMEs, on the other hand lack often the necessary financial and personal means to get their voices effectively heard on the European, in particular on the EU-level. The SME-Union of the EPP-ED has the task to ease this discrepancy and to promote the interests of SMEs in this respect.

The SME Union of the EPP-ED is in its work and principles indebted to the professionalism, no-nonsense-approach and hard work of these women and men who run and found European SMEs.

Entrepreneurs are facing considerable challenges: the risk of economical failure, responsibility for employees, relying on only themselves and cumber-

some administrative burdens. We as politicians have the task to provide a social and legislative framework supporting entrepreneurs in their activities, since they are the backbone of our national economies. We need to promote a society, which gives the entrepreneur the recognition he deserves.

Much work remains to be done to make the Single Market - not only on paper, but also in practice - a daily opportunity not only for transnational corporations, but also for the SMEs of the Union. Especially SMEs in the new member states, awakening from a socialist nightmare, need our support. The potential for splendid economic growth exists. The opportunities for wealth increase, in new and old member states alike, are there, if we implement the right, entrepreneur-friendly policies and measures.

However, several valuable EU-funded projects and services can not deliver their full enter-

prise-support-potential due to limited funding. "More EU-money for SMEs!" has to be our demand. For example the European wide-network of Euro Info Centres, that inform SMEs about the possibilities of the Single Market and EU-legislation, suffer from a severe lack of funding. This is unfortunately just one example out of many others.

Although - as centre-right politicians - we do not support an overall increase of the Community Budget. We will continue to struggle for balanced budgets and moderate public spending. But since budget politics is about setting priorities, and since SMEs employ more than 90 % of the Union's labour force, SME-supportive measures are to be made a priority within the Community budget lines.

Let us, for example, co-ordinate and increase our efforts in the coming budget procedures to achieve the deserved apprecia-

tion for SMEs in the Community Budget that would eventually reflect their tremendous importance for our national economies and societies.

This January the Commission published its Green Paper on SME Policy and another examination of SME-policies. In this paper, the Commission echoes many of the key messages, which we as centre-right politicians have proclaimed for decades. This gives us hope, that we'll find an ally in the European Commission, when we implement - hopefully together - European policies that, in the words of Commissioner Liikanen "bring down barriers to business development and growth, balance the risks and rewards of entrepreneurship and stimulate societies that value entrepreneurship."



THE BRUSSELS SUMMIT STATEMENT OF THE SME-UNION



Conference: SMEs and EU-Enlargement

How far can Europe really grow, without hurting SMEs further, is the question to be discussed on January 30th 2003 in the European Parliament, Brussels.

The conference will address the crucial and pressing question of where SMEs fit in, in the sphere of the second enlargement round. Do the countries of the first round wish to accept new countries? Can synergy effects be used to facilitate the process? Despite the willingness to overcome and supersede the obstacles of financial preparation in such a highly regulated business medium, what kind of future do SMEs realistically face, in this kind of environment? To

what extent can SMEs make an impact to regulate this area according to their experience and knowledge of the area? Furthermore, what effect will enlargement exert on SMEs? How can we catalyse the progress of SME protection and what role does each individual SME have to play in this process?

In looking at these issues however, what factors must be considered? Questions such as the contribution of political parties in the process, Schengen, minority rights, corruption, the influence of the middle class and major changes to the balance of trade, will be addressed.

Among the speakers at this intense debate consisting of two individual panels, we will see many familiar faces and warmly welcome those that are new. Some of the esteemed speakers include, Dr. Paul Ruebig MEP (President of SME Union), Mr. Elmar Brok (Chairman of EP-Foreign Affairs Committee), Mr. Lazar Comanescu (Ambassador of Romania), Mr. Aristides Agatodesy (Ambassador of Greece), Mr. Jacques Santer MEP (Co-president of SME Union), Mr. Peter Jungen (Vice President of SME Union, President of EBAN) and many more highly qualified and experienced speakers who are ready to share their expertise with us.

SMEs are consistently out voted in such matters. Although they generate two thirds of employment in Europe, the minority - bigger enterprises have always been catered for as priority first. Is all this about to change as the dawn of further enlargement approaches? The aim of our conference is to ensure that this time, SMEs are heard first, not as the exception but rather the rule. This conference intends to be representative of the bandwagon that SME Union leads boldly into 2003, on behalf of SMEs throughout Europe. SME Union looks forward to representing you there.



FUTURE OF SOCIAL SECURITY SYSTEMS

Conference on the Future of Social Security Systems in Europe On the 7th of november, the SME Union organised, with huge success a conference on the future of Social Security Systems in Europe in cooperation with the Hanns Seidel Stiftung and the Konrad Adenauer Stiftung.

After an opening speech by Franz-Josef Reuter, the director of the European Office of the Konrad Adenauer Stiftung, the 200 participants were introduced to the topic by welcoming addresses from Jacques Santer, the Co-President of the SME Union, and Elmar Brok, the President of the EUCDA (European Union of Christian Democratic Workers). They gave a general overview about the issue in order to clear the grounds for the first Panel Discussion.

The first discussion which was presented by Bartho Pronk, MEP and Co-ordinator of the Committee on Employment and Social Affairs, was opened by Béatrice Hertogs, who is Confederal Secretary of the European Trade Union Confederation. Béatrice Hertogs was followed by Horst Günther, a former Parliamentary Secretary of State in the German Federal Ministry for Labour and Social Affairs. The other speakers were Alexander Radwan, MEP and member of the Committee on Employment and Social Affairs, and Jean-Pierre Philibert, Director on Political Affairs at the French Business Confederation, MEDEF. The speakers agreed that it is impossible and therefore not desirable to transfer the government-based system into a private-based one due to the immense costs this would

imply. Furthermore, there are no good examples where this transformation has successfully been done. In general, the whole issue of Social Security should not be regarded as a financial problem, but as a social problem with financial effects. In order to finance the current system, Mrs. Hertogs demands an occupation rate of 70% throughout Europe, which of course requires sufficient economic growth. In addition to that, one should gradually introduce taxation of capital income

as another pillar of financing Social Security. On the other hand, it has to be ensured that all people have access to this Social Security, including part-time workers, for example. Mr. Günther agreed with Mrs. Hertogs that introducing a private-based system would be much to expensive - especially for young employees, although he stated that he would prefer it to the government-based system. As an alternative, he presented a combined system of governmental, private, and

Social Affairs, and Jorgen Mortensen, Associate Senior Research Fellow at CEPS. After the second discussion, the results of the conference were concluded by Christa Stewens, the Bavarian Minister of State for Labour, Social Order, Family and Women. Subsequent to her speech, the participants were invited to continue the debate at a reception of the SME Union.



company precaution. The part of private responsibility should be increased gradually. After a short coffee break and greetings by Dr. Paul Rübig, MEP and President of the SME Union, the second panel discussion took place. Presented by Dr. Gabriele Stauner, MEP and subs. member of the Committee on Employment and Social Affairs, three experts debated on the topic of "Increasing Competition and Flexibility for a More Efficient Health System". The speakers were Dr. Franz Terwey, Director of the European Social Insurance Partners, Ria Oomen-Ruijten, MEP and member of the Committee on Employment and

...SME-NEWS

OCT-DEC 2002

17-20 October congress in Estoril

The congress of the European Peoples party was a big success for the EPP. After a period of important elections, the EPP member parties are now in charge of most EU countries and therefore responsible for the outcome of the reform of the European institutions and the European economy.



Unfortunately the lost German elections have been a major setback with huge negative consequences for the European economy. Raising taxes in a business environment is not only bad at this moment but can be called a terrible sin against the people of Germany. The size of the German economy turns what could be simple domestic questions into a major European issue.



Today the Southern Conservatives - French, Spanish, Italian are the leading force in economic reform and lead the way in tax reforms and administrative reforms. This was already highly visible at the EPP congress and they will also show their determination in the upcoming months of the decisive year of 2003. The enormous difficulties of reforming their economies has motivated these politicians to take daring steps while other leaders, for example Germany seem to reflect the complacency of relative welfare built up in the last 50 years. The speed of the relative decline of the Ex-Economic miracles of Central Europe is shocking from the outside but to difficult for the still

affluent population to realise. This relative decline of strength, in particular, Germany and its apparent lack of consistent leadership leads to a loss of credibility and therefore influences most decisions shaping the future of Europe today. Like it or not - European federalism has no powerful voice in high politics any more. The CDU tried to fight for a stronger Commission president in Estoril but at the same time Mr. Prodi called the stability pact "stupid" in order to allow Mr. Schroeder to evade the necessity of budgetary discipline and to cover up the failure of four years economic mismanagement. The very pact that Germany has forced on the rest of Europe for they were afraid that "southern Europe" would destabilise their sacred "mark-euro". Now this country is the main obstacle for growth, job creation and the monetary stability they supposedly value so much. Just to be clear: Of course it is fine to evaluate policies when given circumstances change - so let us face the facts. The French government is also pushing for a change in the deadlines for the balanced budget. But they do it because basically, they are undergoing a Reagan style economic revolution under the leadership of PM Raffarin and the following up on the electoral promises of President Chirac. This will create less revenue in the short term but world history has proven that these measures will result in higher economic activity resulting clearly in higher tax revenues in the medium term. That is totally different to the budgetary situation in Germany where we see less revenues because of a low level of economic activity which continues to decrease and the latest figures on unemployment are close to 4.5 million. What is even more shocking about these figures is the arrogance of the SPD leaders who blatantly blames the rest of the world for their failures. The only way to avoid a continuing slide of Europe is a committed economic reform agenda and maintaining the pressures on non performing governments.

Working Breakfast on WTO
Free trade is so important for SMEs. But many still are afraid and the benefits need to be explained more detailed. We

have to improve transparency and market access for especially the smallest of the companies. With the help of the world wide web the channels are there. But there are still too many burdens of costumes and duties for declarations which are so simple to overcome for the largest companies but are a un surmountable burden for the SMEs. Which SME will send goods to India if tariffs are high and access is low. We have to improve. Of course we have to understand the wishes and justified demands of the developing world to open the markets of the rich countries in order to be in a position to sell their products and therefore develop their economies and so improve the income level and create jobs in their countries and by one of the many positive side effects decrease the immigrations flows from the poor to the rich countries. Do you see a lot of South Koreans as refugees or do you see more Afghans or Nigerians in the EU? That is the only way to improve the world situation. By some easy to explain circumstances the main products of the



developing worlds are the decreasing low profit margin industries of mass production agriculture and textile. Of course there are high profitable areas in these industries where investment took place and productivity is high. But by protectionism and socialist market mechanism the European agriculture was protected and therefore deprived of the chance to improve its productivity. And the taxpayer pays a heavy price of 40 billion euro a year and by high prices for the produce and by less development of the poor countries which then exports people instead of goods.

What a shame. The same is true for GATS and the rest. Why should the developing world aggress with the protection of our copyright owners and the liberalization of banking, telecoms and the rest which will be sectors surely dominated by US,

EU and Japanese interests. Of course the will also profit by foreign investment in this areas. In reality though like all governments there are the political lobbies of state telecom monopolies which have to overcome with some convictions but in order to overcome these resistances some success in the area which directly benefit the broad masses of SMEs and their employees and they will clearly in the agriculture and the textile sectors. And can we allow the market access of our growth industries like chemical, telecoms, finances etc be blocked by the vested interests of heavily subsidized sectors of low profitability and have employed large amount of people and therefore still have a lot of emotional support but now employ not more than 4 % of the workforce? Is the production of food or textiles such a sacred business that it should receive so much protection and should not be put under competitive pressure which has proved to be so stimulating in the provision of good and services in all other sectors?

6th Seminar: "Malta, the EU's Hub in the Mediterranean", November 14-16, Malta



This event was the first SME-Union seminar on Malta and a remarkable signal of its presence on the islands. Our partner organisation, SIZM, is very active and hard working for SMEs and organised a very interesting political visit program of the highest level. The 6th seminar took place in Malta from the 14th to the 16th of November. The delegation was led by Mrs. Lisbeth Gronfeldt-Bergmann, MEP, the treasurer of the SME-Union, and Mr. Gerhard Pötscher, Commercial Counsellor of the Austrian Embassy, and Mr. Gunter Fehlinger, Secretary General of the SME-Union. The delegation had the chance to discuss the situation of SMEs in Malta with the Deputy Prime

Minister of Malta, Mr. Gonzi and was present at the party convention of the PN where the Prime Minister, Mr. Adami gave a strong and effective speech in favour of Malta joining the EU. Sadly the truth is that this issue is the most divisive in Malta because here in fact, we have the only real major opposition party in any candidate country which completely opposes the accession of its country to the EU - the Malta Labor Party.

Working Breakfast on Basel II



On November 14th the SME-Union organised a working breakfast on the topic of Basel II. The SME-Union was very glad to welcome the rapporteur on Basel II, Mr. Alexander Radwan, MEP, and several representatives of the European Commission. In his opening speech Paul Rubig, MEP, President of the SME Union, pointed out the relevance of BASEL II for the future of SMEs, in particular as concerns the possible difficulties of raising funds. Following Mr. Rubig, Mr. Radwan gave an informative introduction into the topic. In particular, he emphasized the importance of the flexible implementation of the BASEL II provisions in the sector of small banks. Furthermore he mentioned that the current discussion about BASEL II is very technical and thus not comprehensible and transparent enough for the persons concerned. The general sentiment of most of the participants could be summarized as being aware of the danger of undercapitalisation of SMEs and the disadvantages for start-up.

4th Seminar: "Croatia the 14th EU Candidate Country", September 12-14, Zagreb
From 12th to 14th of September, the SME-Union Seminar and Foundation Meeting took place in Zagreb, Croatia. More than 160 international participants joined us to



discuss the country's potential future in the European Union. A major success for the SME-Union!

Among the speakers, Mr. Ivo Sanader, President of the Croatian Democratic Union



(HDZ), outlined his politics for the European perspectives of his country. Additionally, Mr. Christian Fuchsteiner from the Austrian Trade Commission spoke on the topic of "Enlargement: Already a success story 'The Austrian case'".

Vienna General Assembly/Big success for the SME UNION



"Central Europe - a good place for SMEs" was the lead theme for the General Assembly of the SME-Union last weekend in Vienna. To set a symbol in this direction the SME-Union has decided to open up the organization for full membership for all SME organizations of Central and Eastern Europe. Our President Mr. Rubig, MEP, was very pleased to welcome Croatia, Slovenia, Serbia, Czech Republic, Slovakia, Romania, Moldova, Hungary and also Malta and Norway as new members of our association. Once again SMEs are faster than the big institutions he added during the ceremony. The meeting itself was honored by the presence of the Austrian Chancellor

Dr. Wolfgang Schuessel who himself was charged with the creation of the SME-Union predecessor organization 25 years ago in his previous function as



general secretary of the SME-Union of Austria. He was very pleased to hear that the SME-Union now has 24 full member organization and 3 observers. In his speech he announced to lead his campaign on re-election on the topic of enlargement and to support the reunification of Europe 100%.

This speech took place at the gala dinner with 450 guests in the Hofburg and was a mar-



velous setting for a unforgettable evening. Mr. Schuessel outlined his vision for Austria and the achievements of his government for Austria, her SMEs and her citizens. The evening was followed by a great discussion on the future of Europe after enlargement on

the next morning. The former Prime Minister of Hungary Victor Orban and the Special Coordinator for South-Eastern Europe, the former Vice-Chancellor of Austria Dr. Erhard Busek, Othmar Karas, MEP, the treasurer of the EPP/ED group and our President Paul Rubig, MEP, discussed Europe, enlargement, the convention and how to turn Europe from a global payer into a global player. Again over 250 participants were quite fascinated and from the SME point of view it was a great success. Victor Orban promised to make SMEs the focus of his opposition campaign because this area is one of the many overlooked by the postcommunist now back in power in Budapest. Erhard Busek, himself former secretary general of the SME-Union of Austria made very clear to the audience that only economic policies focused on SMEs will work for the reconstruction of South Eastern Europe. They called also on the SME community of Western Europe not to shy away from some of the more difficult places to invest. Especially Italian, Austrian and German investment in e.g.: Romania or Croatia has made in huge difference in these countries. But more is needed. Concluding it can be stated that this weekend was a highlight in the development of the SME-Union into a dynamic force for economic policy in Europe and that it was made clear again that enlargement is the key for Europe's success and that we have to do everything to make it work.

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