Nacionalno Vijeće za Konkurentnost

National Competitiveness Council

COMPETITIVENESS DIGEST

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I. EU Competitiveness

1. 'Huge bureaucracy' prevents Romania from using EU funds

In short:
Romania's "huge bureaucracy" means EU funds allocated to Romania are not being used, the country's President Traian Basescu told parliament in Bucharest on Monday (9 March). EurActiv Romania looked into the situation.

President Basescu strongly criticised the Romanian authorities for their inability to absorb funding under EU programmes. On Monday, the country asked the EU and the International Monetary Fund (IMF) for a bailout to save it from a possible financial crisis.

Basescu said that from a total of nine billion euros put at the disposal of Romania by the Union, a total of 5.5 billion has not been used, covering the years 2007, 2008 and 2009.

"We have a huge bureaucracy, the performance of which amounts to what I just said: nine billion euro put at the disposal of Romania, unused. This is inadmissible and this shows the deep inefficiency of this apparatus, established probably under the clientele's criteria, and not on the basis of competence," the Romanian president stated.

More on: http://www.euractiv.com/en/euro/huge-bureaucracy-prevents-romania-eu-funds/article-180154

2. G20: EU finance ministers to call for doubling of IMF funds

In short:
European Union finance ministers on 10 March backed a call from the International Monetary Fund (IMF) to double its funds to $500 billion at the G20 finance ministers' meeting, a document showed.

The paper, Reuters reported, spells out the EU position on economic policy, regulation, international institutions, the IMF and Multilateral Development Banks for the G20 finance ministers and central bankers meeting on March 13-14. "It is essential that the IMF has appropriate financial means to assist countries particularly affected by the current crisis," said the draft document, to be approved by ministers of the 27-nation bloc.

"EU member states support a doubling of IMF resources and are ready to contribute to a temporary increase, if needed," it said. It stated that the increase should be funded by direct borrowing from members, especially those with large currency reserves.

More on: http://www.euractiv.com/en/euro/g20-eu-finance-ministers-call-doubling-imf-funds/article-180082

3. EU regions to get €105 billion for green projects

In short:
The European Commission on 9 March announced it will back job creation by investing an unprecedented €105 billion in green projects under the EU's cohesion policy.

The 'green' funding takes up more than 30% of the regional policy budget for 2007-2013, almost three times as much as in the last budgetary period. The Commission hopes this will boost growth and create new jobs that are unlikely to flee to emerging economies such as China and India.

The lion's share of the money will be spent on helping member states to comply with EU environmental legislation. A further €48 billion will go on achieving Europe's climate objectives, including €23 billion for railways, €6 billion for clean urban transport, €4.8 billion for renewable energies and €4.2 billion for energy efficiency. Research and innovation will also receive a boost, with €3 billion given to SMEs to help develop environmentally-friendly products and processes.

More on: http://www.euractiv.com/en/climate-change/eu-regions-get-105-green-projects/article-180104

4. EU ministers agree to lower VAT

In short:
The financial and economic crisis pushed EU finance ministers to agree on a deal to apply reduced sales tax on local services such as meals, haircuts and home repairs on 10 March, ending a decade of haggling to help local businesses.

"We managed to speak a common European language even if strong national interests are at stake," said Czech Finance Minister Miroslav Kalousek on behalf of his country's EU presidency. The deal is part of a wider package to help the EU's smaller businesses, which tend to be local.

Unanimity is required in all EU tax matters, which led to a decade of negotiations which ended up with key concessions to several countries in return for their support. Cyprus was allowed to continue levying reduced rates on liquid gas cylinders, Portugal on its bridge tolls in Lisbon and Sweden was successful in extending reduced rates to audio books from printed books. Britain won backing for a two-year extension to use a so-called reverse charge mechanism for tackling VAT fraud.

More on: http://www.euractiv.com/en/euro/eu-ministers-agree-lower-vat/article-180139

5. Ministers in crunch talks as half of SMEs to cut investment

In short:
Over two thirds of European businesses face growing difficulties in accessing credit, and as a consequence, 45% will decrease their investment activities over the next six months. The repercussions for workers could be severe, with 35% of companies warning that they may be forced to cut staff.

The findings are part of a new survey of 220 entrepreneurs, primarily from the SME sector, conducted by Eurochambres, an association representing European chambers of commerce and industry.

Entrepreneurs identified general macroeconomic uncertainty, a steep decline in domestic demand and increased difficulties in accessing finance as the main obstacles to economic recovery. European businesses are also concerned about growing delays in payments by clients. 43% of respondents said public sector payment times have increased, and the situation is even worse for businesses with private clients.

More on: http://www.euractiv.com/en/innovation/ministers-crunch-talks-half-smes-cut-investment/article-180103

6. MEP: Parliament will stop Barroso's stimulus plan

In short:
The European Parliament will mobilise a majority against Commission President José Manuel Barroso's five billion euro stimulus plan, Claude Turmes, vice-president of the Green / European Free Alliance Group in the European Parliament, told EurActiv in an interview.

Turmes made clear that he is against the Commission's recent proposal to reallocate five billion euro of unspent EU money, mostly to support energy projects. He attacked it on two grounds: that it will not be able to play the role of a recovery package, as the projects foreseen will take a long time to be put in place, and that in fact the initial plan has been "twisted" by Germany and the UK, so that countries with weak economies, especially in Eastern Europe, will only get "peanuts".

The MEP believes that the European Parliament, which is due to co-decide on the stimulus plan after the spring summit of EU heads of state and government on 19-20 March, will "stop Mr Barroso and his ideas about the recovery plan".

More on: http://www.euractiv.com/en/opinion/mep-parliament-barroso-stimulus-plan/article-180250

7. EU, social partners plan job summit as high unemployment looms

In short:
In an attempt to soften the impact of the economic slowdown on European households, the EU executive and social partners announced plans to embark on a series of talks to devise ways to avoid social free fall and come up with new ideas to carve out recession-proof employment policies at an upcoming employment summit on 7 May.

Predicting major economic contraction and high unemployment, social partners said on 12 March that they are looking at the job summit to find "other ways of coordinated activities which will make a difference on the job front".

In its latest economic forecast released yesterday, BusinessEurope, the European employers organisation, said the 16-nation euro zone's economy would contract by 2.1 percent in 2009, compared with 0.8 percent growth last year. For the 27-nation EU, negative growth is expected at 2.2 percent.

More on: http://www.euractiv.com/en/socialeurope/eu-social-partners-plan-job-summit-high-unemployment-looms/article-180248

8. A result for international competitiveness of European companies

In short:
BUSINESSEUROPE Director General Philippe de Buck wrote to Directors-General O'Sullivan (Trade) and Zourek (Enterprise) on 3 March to commend the Commission on the new guidelines on impact assessments as they apply to international impacts.

As of 15 January proposals will need to include assessments of how they effect the competitiveness of EU companies vis-à-vis their competitors in third countries, whether new EU regulation brings the EU closer or further away from the regulatory regimes in our major trading partners, and how proposals affect non-EU investors in Europe.

BUSINESSEUROPE is very pleased to see this step forward. Implementation will be key however, which is why Mr de Buck calls on the Directors-General to play an enhanced role in monitoring the quality of EU impact assessments going forward.

More on: http://www.businesseurope.eu/Content/Default.asp?PageID=524&articleid=642

9. EU employers association sees 4.5m jobs lost in 2009

In short:

Some 4.5 million Europeans risk losing their jobs this year due to the increasingly severe recession, the president of the BusinessEurope employers association said.

"We expect 4.5 million Europeans to lose their jobs because of the crisis in 2009," Ernest-Antoine Seilliere told reporters in Brussels. The European Union's Eurostat data agency estimates that 18.412 million people were unemployed in the 27-nation bloc in January.

"Unemployment is going to get a lot worse, it is really going to be a dire year," the head of the European Trade Union Confederation John Monks told the same news conference.

More on: http://www.eubusiness.com/news-eu/1236851222.03

II. Other

1. Forfás - Ireland's Education and Training System Must Continue to Improve Performance

In short:
The National Competitiveness Council (NCC) today called for a renewed emphasis on strengthening and reforming aspects of the education and training system in Ireland as part of the broader effort to reignite economic growth.

Launching its Statement on Education and Training, the Council also highlighted the need for all stakeholders to recognise the stark fiscal realities facing Government and respond with the necessary flexibility to ensure that our education system can continue to improve the quality of learning and skill levels of the population.

National Competitiveness Council Chairman, Dr Don Thornhill, said "As knowledge and creativity increasingly become the basis of competition, high skill levels are vitally important to economic performance, living standards and social inclusion. Without a world class education and training system Ireland will have great difficulty in succeeding in the face of intensifying global competition and in protecting recent increases in our living standards. Ireland has consistently achieved strong education outcomes with relatively modest investment."

More on: http://www.forfas.ie/newsevents/news/title,3561,en.php