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National

Competitiveness

Council

COMPETITIVENESS DIGEST

Issued: 14th April 2009

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I. EU Competitiveness

1. Business group calls for 'SME guarantee fund'

In short:

A special €5 billion loan guarantee scheme to encourage banks to extend credit to small businesses has been proposed by the association representing European chambers of commerce. The fund would be administered by the European Investment Bank and could see up to €350 billion in loans allocated to SMEs.

Eurochambres Secretary-General Arnaldo Abruzzini told EurActiv that the twin problems of slow payment and a lack of credit are forcing viable businesses into bankruptcy. He said money from the European recovery plan could be leveraged by a factor of 70 if used to support credit for small businesses.

"This proposal would be a guarantee to existing national guarantee schemes which are already in place in some member states, and it could also serve as a guarantee in countries where there is no such scheme at present," he said.

Banks are currently insisting that SMEs requesting loans provide higher levels of collateral than were required in the past. "Loan guarantees from Europe would be a major help in solving this problem. We are proposing €5 billion to start with," Abruzzini said.

More on: <http://www.euractiv.com/en/enterprise-jobs/business-group-calls-sme-guarantee-fund/article-181070>

2. European companies continue to shed jobs

In short:

The latest European labour market figures show that unemployment increased by 1.1% in February as the financial crisis continues to hit companies, particularly in the manufacturing sector.

The EU's monitoring of the employment situation and social outlook for April shows that companies are continuing to announce substantial job reductions across several sectors, while business and consumer confidence, job vacancies and firms' employment expectations are generally continuing to fall.

As highlighted in previous such 'Labour Marketing Monitoring' reports, men are worst affected by the downturn, as many of the sectors hit hardest are predominantly male-oriented, such as the construction, automotive and transport industries.

At the same time, there has been a continued strong rise in unemployment among young people, particularly affecting young men.

More on: <http://www.euractiv.com/en/enterprise-jobs/european-companies-continue-shed-jobs/article-181114>

3. HR management 'key to innovation'

In short:

Human resources and flexibility in the workplace are the primary ingredients in fostering an innovative culture, Professor Bengt-Åke Lundvall, an innovation researcher at Aalborg University in Denmark, told EurActiv in an interview.

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He said a number of misconceptions have arisen as developed countries strive to become more competitive through innovation. One is that low costs are the key to competitiveness, and the other is that investing in science and technology is a shortcut to innovation.

"We have done empirical research which showed that economies with the strongest growth in real wages were the most competitive. So we learned that what determines competitiveness is not cost," he said.

Instead, a combination of technological advances, investment in staff and ability to change can make organisations more innovative.

More on: <http://www.euractiv.com/en/innovation/hr-management-key-innovation/article-181094>

4. Ireland unveils SME fund in emergency recovery plan

In short:

The Irish government has unveiled a new Enterprise Stabilisation Fund as part of an emergency budget introduced to stabilise Ireland's public finances and repair its banking system.

The fund will be worth €100 million over two years and will provide direct financial support to "internationally trading enterprises".

Unemployment in Ireland hit 11% last month, forcing the government to scramble for initiatives to protect jobs by extending credit and financial support for SMEs. Finance Minister Brian Lenihan said it costs the state €21 million for every 1,000 people who lose their jobs.

Dr Aidan O'Boyle, chairman of the Small Firms Association (SFA), said it is more sensible to try to keep people in existing jobs rather than investing in retraining those who have become unemployed. He added the budget should restore confidence in the Irish economy by ending the uncertainty of recent months.

More on: <http://www.euractiv.com/en/enterprise-jobs/ireland-unveils-sme-fund-emergency-recovery-plan/article-181145>

5. Higher salaries 'help attract top researchers'

In short:

High salaries, moderate teaching loads and high-quality infrastructure are essential for attracting the best professors to conduct research at European universities, a leading French researcher based in the United States told EurActiv in an interview.

Professor Jean-Claude Latombe, a professor at Stanford University's Artificial Intelligence Laboratory, said it is almost impossible to be a top researcher and an excellent teacher simultaneously.

However, he dismissed the idea that funding and organisational structures are central to excellence and innovation in higher education.

"Overall, I don't think that whether a university is private or state-run is the key issue. What really matters for a research university is to recruit the best professors and admit the best students, to encourage diversity, not only of people, but also of ideas, and to create a vibrant atmosphere where excellence, impact, and creativity are valued by all for the benefit of all," he told EurActiv.

More on: <http://www.euractiv.com/en/science/higher-salaries-help-attract-top-researchers/article-181197>

6. Lifelong learning to be fully integrated in the missions of education institutions

In short:

On 6 April, BUSINESSEUROPE's Director General Philippe de Buck participated in a debate on partnerships between education and training institutions and employers in the context of lifelong learning, organised by the Czech EU Presidency in Prague.

He emphasised the importance of helping individuals to adapt and expand their knowledge continuously. Education institutions and employer organisations can significantly contribute to this by intensifying their dialogue, in particular about the skills needed on the labour market.

More on: <http://www.businessseurope.eu/Content/Default.asp?PageID=524&articleid=687>

7. Progress in higher education reforms necessary

In short:

On 2 April, BUSINESSEUROPE's Director General Philippe de Buck joined Commissioner Ján Figel' in presenting the European Commission's communication on university-business partnerships.

He supported further steps in continuing the dialogue and developing new partnerships between higher education institutions and business to start and pursue the necessary reforms in higher education.

More on: <http://www.businessseurope.eu/Content/Default.asp?PageID=524&articleid=688>

8. ECB rejects eastern fast-track to eurozone

In short:

The European Central Bank (ECB) on 6 June, dismissed proposals made by the International Monetary Fund for eastern European member states to adopt the euro even without full membership of the eurozone.

"This [IMF proposal] is not realistic. The membership for European monetary union has very clear rules and these rules have to be followed. From an economic point of view, it would not be a good signal [for] the confidence . . . towards the euro," Ewald Nowotny, ECB governing council member, told Reuters. The bank was responding to the publication in the Financial Times of a confidential report drafted by the IMF last month as part of a regional anti-crisis strategy for the eastern EU countries.

It suggested that the EU should relax euro entry rules for countries like Hungary and Poland so that these countries can join as quasi-members without needing to hold a board seat in the ECB.

More on: <http://euobserver.com/9/27925/?rk=1>

II. Other

1. Commission fights late payments

In short:

Despite some improvements during the past years, late payments in commercial transactions between companies or between businesses and public authorities still happen in the EU. This hampers the development of business and is even responsible for bankruptcies of otherwise viable companies, notably if they are Small- or Medium-Sized Enterprises (SMEs). Unfortunately up to now the payment culture of public authorities is not always applaudable. Given the current crisis, several Member States have therefore started to address this issue at national level.

Based on a commitment in the Small Business Act, the Commission today suggests a new policy approach to tackle the situation on late payments and proposes substantial changes to the late payment directive of 2000. The Commission suggests that public authorities should lead by example and should – as a rule – pay their bills within 30 days. In parallel, the Commission commits itself to speed up payment of goods and services so to fully respect the targets for paying bills and, in a number of cases, even shortening payment times to under the current legal period.

More on:

http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=3000&lang=en