



EUROPEAN ECONOMIC SENATE

Newsletter 03/2012

Dear Senators!

the actual EES Newsletter matters includes the review of the EU Working Time Directive. The result of the negotiations between the social partners is expected to be presented on 21st December. Other important issues are the proposal of the European Commission to tackle VAT Fraud and the European Commission's initiative to strengthen SMEs.

The EU Commission offers public consultations to comment on EU proposals. Often these consultations are published in a limited number of official languages, or even in English only. This issue concerned the European Ombudsman, because the effectiveness of consultations depend on that the participants understand what they are asked about.

In a recent interview our Economic Senator Andreas F.J. Obereder comments on the management of personnel processes and working environments. Managing volatility becomes more and more important face to the demographic change.

We hope that the provided information will enable you to reach your daily decisions in an even more appropriate way based on useful information.

Yours sincerely,

*Dr. Ingo Friedrich
President*

*Michael Jäger
CEO*

*Wolfgang Franken
Secretary General*

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Working Time Directive: Commission allows reviewing time extension

Under the so-called Working Time Directive 2003/88/EC, Member States' workers are given the right to a maximum limit to weekly working hours including overtime, to a minimum rest period, both weekly and daily, to paid annual leave and to extra protection in the case of night work. In 2010, the Commission consulted the European social partners, asking whether changes should amend the Directive. Its ensuing review is aimed at updating EU working time rules to keep them up to date. Following the Commission's consultations, the main European social partners at EU level – namely BusinessEurope, CEEP (European Centre of Employers and Enterprises providing Public services) and UEAPME (The European Association of Craft, Small and Medium-sized Enterprises) representing employers and the ETUC (European Trade Union Confederation) representing workers – informed the Commission on 14 November 2011 that they had agreed on debating on changes in the Working Time Directive together.

Negotiations on updating the Working Time Directive began in early December 2011. Recently, the social partners reported good progress of negotiations, but requested an extension of their timeframe, to which the Commission consented. The new deadline is now set for 21 December 2012. If the social partners reach an agreement, they are entitled under Article 155 of the TFEU to ask for its implementation as a Directive. The Council may then either adopt the agreement as a Directive, or reject it, but may not amend it. If the social partners do not reach an agreement, the Commission would come up with an own legislative proposal to amend the Directive.

László Andor, European Commissioner for Employment, Social Affairs and Inclusion declared: *"The social partners have my best wishes for a successful outcome to their talks on these very important issues. The Commission is willing to provide any support the social partners would find helpful in the context of these negotiations."*

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VAT fraud: Commission proposes new rapid response instrument

The Commission adopted a proposal for a Quick Reaction Mechanism (QRM), designed to enable Member States to respond more swiftly to VAT fraud. The proposal foresees that Member States would be able to apply, within a month, a "reverse charge mechanism" which makes the recipient rather than the supplier of the goods or services liable for VAT. This aims at improving chances of tackling complex fraud schemes, such as carousel fraud. In order to deal with possible new forms of fraud in the future, other anti-fraud measures could also be authorised and established under the QRM.

Algirdas Šemeta, Commissioner for Taxation, Customs and Anti-Fraud, said: *"When it comes to VAT fraud, time is money. Fraudsters have become quicker and cleverer in developing schemes to rob the public purse. We must strive to be one step ahead of them. The Quick Reaction Mechanism will ensure that our system is sufficiently equipped to tackle VAT fraud effectively. It will help preserve much needed public revenues and create a fair and level-playing field for honest businesses."*

VAT fraud is said to cost the EU and national budgets several billion Euro every year. Between June 2008 and December 2009, an estimated 5 billion Euro was lost as a result of VAT fraud in greenhouse gas emission allowances alone. At present, if a Member State wishes to counteract VAT fraud through measures not provided for under EU VAT legislation, it must formally request derogation in an often slow and cumbersome process.

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[SMEs in Europe at the crossroads: further policy boost needed to help in recovery](#)

In Brussels, during the 2012 European SME week, the European Commission released results of the SME Performance Review 2012 report, together with fact sheets describing SMEs' progress in all EU Members States. Despite the challenging environment, SMEs stood their ground as the backbone of the European economy.

Please click **[here](#)** for more information.

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[European Ombudsman criticises Commission's restrictive language policy for public consultations](#)

The European Ombudsman, **P. Nikiforos Diamandouros**, has criticised the Commission's refusal to publish public consultations in all 23 EU languages. This follows a complaint from a Spanish lawyer about many public consultation documents only being available in English or in a limited number of EU languages, even if they are intended for the general public.

Mr Diamandouros stated: "European citizens cannot exercise their right to participate in the EU's decision-making process effectively if public consultation documents are not available in all official languages. The European Parliament recently adopted a Resolution urging the Commission to review its restrictive language policy to ensure that citizens' rights are respected. I fully share Parliament's position."

Please click **[here](#)** for more information.

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Managing volatility

The economic developments of the last few years underscore the incredible degree of complexity and interconnectedness that the global economy has attained. We have to assume that the positive and negative fluctuations in the economy will become more frequent and more intense in the future. At the same time, the crisis clearly showed us that such fluctuations are increasingly difficult to predict. This means that corporations and public organizations need to massively increase the flexibility and adaptability of their structures and processes. They may have to go from full speed ahead to reverse gear and back to full throttle in a matter of seconds, as it were. In management terms, this necessitates a rapid allocation of resources, optimally geared to any given situation on the market. If we are talking flexible processes and optimized resource management, the personnel-intensive sectors in high-wage countries really need to look at HR processes and on-demand staff availability. This issue is becoming a crucial success factor in times of demographic change with the resulting shortage of skilled staff.

EES Economic Senator Andreas Obereder, CEO and founder of Munich-based ATOSS Software AG, explains the role of workforce management in this context.

Interview

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