

## Appendix

### List of illustrative examples of Member States' policies and measures in support of the growth and job objectives, particularly in the four priority areas identified in section 3

#### *R&D and innovation*

*About half of the Member States use fiscal incentives to stimulate private R&D and several other Member States intend to apply such measures as well. Spain is considering reducing taxes for firms investing in R&D, as the Netherlands is doing already. Hungary will simplify its tax allowance scheme and France will triple its tax credits for research by 2010.*

*Spain, Denmark and Estonia have specific programs aimed at increasing the number of researchers in enterprises. Germany has launched an 'Excellence Initiative' to promote excellent research at universities. This initiative aims at developing some of Germany's universities into international top locations for scientific research.*

*Italy is developing centres of excellence for teaching and research, including the Euro-Mediterranean university distance-learning system, and promoting mobility of teachers and students throughout the Mediterranean region. Spain and Portugal have created a joint research institute.*

*Slovakia, Spain and France plan to introduce monitoring and evaluation systems in order to improve the effectiveness of public R&D spending.*

*In France, 'Pôles de Compétitivité' are being established as public private partnerships. These 'Pôles' will support and coordinate a number of complementary policies for businesses of which R&D is pivotal. A recent Slovenian cluster initiative has already yielded promising results: 18 cluster offices facilitating cooperation between 350 companies and 40 education/research institutes were operational by 2004. In Lithuania, the government is establishing an Institute of Technology assisting business in research, technological development and innovation.*

*In Ireland, measures have been taken to promote commercialisation of public research results by licensing it to the private sector or by helping researchers to bring their ideas to a marketable stage and help them achieve commercial success.*

*Italy is addressing shortcomings in the area of intellectual property rights (IPR) through a set of measures aimed at improving companies' patenting capabilities and by reducing patenting costs. In Germany, the patent exploitation agencies will be further developed and expanded. In Belgium the federal government, the European Patent Office, research centres and universities are cooperating in an initiative to support SMEs in using the IPR system. Latvia has developed a public support programme to protect and enforce IPR and raise awareness in the business community.*

#### *Improving the business environment and the functioning of markets*

*Latvia has made a strong political commitment to implement Community law backed up by concrete targets and deadlines to ensure timely and correct transposition of internal market directives. Ireland has strengthened its internal procedures for monitoring implementation of Community directives. In order to avoid complicating legislation, several Member States actively discourage adding provisions when implementing Community directives (Austria, the Netherlands). In order to avoid late implementation, some Member States have put in place fast-track procedures (Italy, France).*

*Many Member States have made great strides in e-government, such as setting up one-stop shops for business' and citizens' enquiries (Belgium, Estonia, Finland, France, Ireland, Italy, Poland, Portugal). This cuts paperwork and considerably reduces response time. One can start up a business in less than two weeks in Denmark, France, the Netherlands, Italy and Finland. There is only one procedure to fulfil when hiring the first employee in Lithuania; two in the case of the UK, Sweden and Ireland.*

*Many Member States (Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, France, Germany, Lithuania, Luxembourg, the Netherlands, Portugal, Slovenia, the UK) are carrying out - or intend to carry out - analyses of the administrative costs imposed by legislation. A significant number of them are using variants of the standard cost model initially developed in the Netherlands and whose features have inspired key aspects of the EU common methodology proposed by the Commission to the Council and the Member States in October 2005. Five countries (Czech Republic, Denmark, the Netherlands, Sweden and the UK) have also set quantitative targets for reducing administrative costs (ranging from 20 to 25% reductions by 2010).*

*Eight Member States (Austria, Estonia, Germany, Italy, Poland, Slovenia, Spain and the UK) are planning to launch simplification programmes, in addition to the four Member States (Denmark, Ireland, Luxembourg, Sweden) which have already done so. The focus is on improving legislation on tax, audit and fiscal measures, setting up business, insolvency and labour and consumer protection.*

*Many countries, including Ireland and the Netherlands have removed specific restrictions to market access in liberal professions, financial services and energy markets. Slovakia is identifying barriers preventing the opening of the power supply market and will define measures for their elimination. It is also taking steps to improve competition in financial services. The UK will implement measures promoting competition in legal services. Estonia intends to implement a pro-active competition policy through sector analysis and awareness-raising of competition law. Denmark is undertaking a screening of domestic rules to remove obstacles to imports and investments into the country ("Task Force for the Internal Market" – TIM).*

*Cyprus will evaluate all existing and new aid schemes to check whether they adequately address market failures. Finland will review its subsidy policy with a view to reducing its overall volume and ensuring that aid does not distort competition.*

*Slovakia has launched an initiative to set up a Central European Stock Exchange addressing a lack of equity markets not only in Slovakia but also in neighbouring countries. Hungary and the Czech Republic are invited to participate. The Slovakian domestic market is too small to support a well functioning and liquid equity market; cooperation between several countries is therefore necessary.*

*Portugal proposes several programmes to support the internationalisation of businesses. It is also implementing a specific programme to accelerate industrial transition and restructuring.*

*Lithuania plans to organise promotion campaigns around successful business examples in order to promote the image of entrepreneurship amongst the general public. The UK is providing five days of enterprise courses at schools to all pupils aged 14-16. Spain plans to address the fear of stigma of failure by enabling students at all school levels to learn about the value of entrepreneurship and business failure.*

*A number of countries have also taken interesting initiatives to strengthen access to capital for SMEs; for example, the Czech KAPITAL programme, the Finnish PreSeed package and the UK Enterprise Capital Funds. Denmark plans to introduce a tax relief for growth entrepreneurs. The relief starts when the entrepreneur generates profits for the first time and is granted for three years.*

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### *Employment, financial sustainability and demography*

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*A number of Member States have improved the quality of their government finances, taking into account their national priorities, with the view to raising the long-term potential of their economies. For instance, Denmark, the UK, Ireland and Finland have significantly increased government expenditure in education, with the view to increasing productivity and employability of the labour force.*

*Several Member States have improved the financial sustainability of their pension schemes. Belgium, Spain, France, Austria, Portugal and Finland have all strengthened the link between contributions and benefits, for example through making the number of contribution years a more important criteria regarding retirement than the age of the retiree, or by allowing early or late retirement with corresponding changes in benefits.*

*A number of new Member States (Estonia, Latvia, Lithuania, Poland, Hungary and Slovakia) have diversified the risk of pension systems by switching part of the statutory social security pension into private funded schemes. Sweden, Italy, Latvia and Poland have set up schemes, where pension benefits are directly linked to contributions paid during one's working life and also depend on life expectancy at retirement. France has decided to increase the required contribution years for a full pension in line with increasing life expectancy. Germany has introduced a sustainability factor in the indexation of its public pension scheme making indexation depend on the ratio between the numbers of the employed and pensioners. Such changes have improved the financial sustainability of pension schemes even if some challenges remain in the face of ageing population.*

*Pension reform is an important factor explaining the large increase in the employment rates amongst older workers since 2000 in some Member States. Finland, for example, has significantly increased the employment rate for older workers (from 35% in 1995 to 50.9% in 2005) as a result of changes to the pensions system as well as targeted training, more attention to older workers' well-being in the workplace and targeted subsidies for low-paid jobs.*

*The Irish Skill-nets programme makes it easy for companies to access flexible, innovative and cost-effective training. The initiative has already helped to upgrade the skills of some 30.000 staff. Estonia is planning to reform vocational training and Luxembourg intends to set up a system of recognition of non-formal learning.*

*Austria aims to fill 5000 vacancies which are currently hard to fill because the wage is too low (in many cases because the jobs in question are part time). The new 'Kombi-Lohn', rewards both employer and worker if a vacancy is filled. Target groups are young people unemployed for more than 6 months and older workers unemployed for more than one year.*

*The Netherlands has taken concrete measures to encourage workers to spread work, care and education more evenly over the lifecycle. A new voluntary savings scheme will enable workers to save a percentage of their wage to cover periods of leave, such as care leave, education or other. Savings are fiscally supported.*

*Slovakia is seeking to improve the work/life balance of young families. Schools and pre-schools will have longer opening hours. The state supports new day-care facilities for small children, facilitates part-time work and has put in place individual support programs for women returning to the labour market after maternity/parental leave.*

*In Greece, a new law reforms the national life long learning system. A committee will be co-coordinating the national efforts, encouraging business oriented education, implementing best practices and tackling exclusion.*

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### **Energy and environmental technologies**

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*The Nordic countries have set up an integrated market for buying and selling electricity. Additional connections between the Netherlands and Norway, between Finland and Estonia and between Denmark and Sweden will facilitate trade and support power generation also from alternative sources such as water and wind, reducing harmful emissions.*

*Austria, the Czech Republic, Cyprus, Malta and the UK are taking steps to use public procurement as leverage to promote environmental technologies and energy efficiency. Germany provides incentives to promote energy savings in buildings, and has launched a major renovation programme. Cyprus has elaborated a concrete plan and timetable to address environmentally-harmful subsidies in order to review, reform or abolish them.*

*Sweden aims to break the dependence on fossil fuels by 2020. To do so, Sweden will apply green taxes, support wind power and a green electricity certificate. This certificate makes it mandatory to buy a certain share of one's electricity consumption from renewable sources. Denmark and Sweden have already a high proportion of environmental taxes in their fiscal panoply and intend to further develop them. Estonia this year launched an ambitious environmental tax reform with the view to shift the tax burden of labour to consumption and pollution and thereby promoting the sustainable use of natural resources.*

*Supportive national and regional policies for wind power in Germany, Spain and Denmark are showing results. Germany has more than one third of world wind power capacity and wind accounts for 6.5% of Spain's electricity output. In Denmark, the wind power manufacturing industry is a major commercial success. The sector has grown faster than any other business sector and Danish turbines now dominate the world market. The industry provides jobs for over 20,000 people in Denmark. The UK is negotiating with oil suppliers for a higher share of bio fuels in gasoline.*