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Committee on Industry, Research and Energy

2013/2176(INI)

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OPINION

of the Committee on Industry, Research and Energy

for the Committee on Employment and Social Affairs

on how can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?
(2013/2176(INI))

Rapporteur(*): Josefa Andrés Barea

(*)Associated committee – Rule 50 of the Rules of Procedure

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SUGGESTIONS

The Committee on Industry, Research and Energy calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Underlines the need for greater integration of Union policies in favour of SMEs as regards innovation, growth, competitiveness, internationalisation, entrepreneurship, resource productivity, reducing bureaucracy, the quality of human resources, and environmental and social responsibility;
2. Notes that the unemployment rate among young Europeans (aged 15-24) has reached the unsustainable rate of 23% and is above 50% in those Member States hardest hit by the crisis; points out that these extremely high rates of youth unemployment are leading to a huge brain drain and is significantly undermining our capacity for sustainable growth in the future;
3. Stresses that free and fair competition in the single market, underpinned by common social standards, is of crucial importance to boost growth and innovation and thereby increase employment in the Union;
4. Points out that more than 20 million SMEs in the EU represent 99% of businesses, and are a key driver of economic growth, innovation, employment and social integration;
5. Welcomes the growth in recent years of the social economy as a new form of entrepreneurship in the European Union; calls on Member States to deepen programmes promoting its creation and development;
6. Points out that firms, however, often face problems in finding money to finance their research, develop new products or access new markets;
7. Notes that it takes between 4 days (Belgium) and 40 days (Malta) to set up a business in Europe¹;
8. Welcomes the Programme for the Competitiveness of Enterprises and SMEs (COSME) and the SME instrument provided for under Horizon 2020; laments the fact, however, that the budget for COSME and for SMEs in Horizon 2020 under the multiannual financial framework is limited;
9. Welcomes in particular the specific actions provided for under COSME which are designed to improve framework conditions for enterprises, particularly SMEs, to facilitate access to finance and markets and to promote entrepreneurship and entrepreneurial culture; stresses the need to promote entrepreneurial skills, particularly among young people from an early age and women; stresses that, to promote the development of entrepreneurship in Europe, a predictable and clear regulatory environment is essential; expects measures and actions promoting entrepreneurship at European or national level to cover enterprise models of all types, including cooperatives, craft businesses, liberal

¹ <http://data.worldbank.org/indicator/IC.REG.DURS>

professions and social enterprises; welcomes in particular the continued support for equity and debt finance provided under Horizon 2020 and COSME;

10. Calls on the Commission to guarantee better access to the Structural Funds for SMEs, in particular by easing the requirements for previously funded projects, reducing co-financing requirements, better guidance for different types of SMEs and the creation of capacity to support SME financing;
11. Emphasises the importance of research and innovation for enhancing the competitiveness, productivity, sustainability and job-creation potential of European SMEs and notes the significant focus that Horizon 2020 and the EIT place in creating and supporting high-growth, innovative SMEs;
12. Welcomes the Commission's REFIT initiative to abolish certain EU legislation that has proven to create disproportionate burdens for European enterprises, in particular SMEs;
13. Considers that the Erasmus for Young Entrepreneurs programme will encourage entrepreneurship and job creation;
14. Highlights the importance of SMEs not only in creating but also in maintaining jobs;
15. Calls for better coordination of EU funding mechanisms, including the Structural Funds, the ERDF, Horizon 2020 and EIB investment, especially when it comes to funding innovative SMEs, and calls for an assessment of the obstacles that are currently resulting in banks in several Member States failing to provide funds and loan guarantees to SMEs and the real economy;
16. Calls on the Commission and Member States to be more rigorous in assessing the impact of future and existing regulation on SMEs and competitiveness in general;
17. Calls for support for EU mobility programmes for entrepreneurs, such as Erasmus for Young Entrepreneurs, and for entrepreneurship education to be included in national school curricula through the exchange of best practice;
18. Believes that public policy measures play an important role in supporting and stimulating the creation and development of SMEs (e.g. affordable loans, advisory services on public initiatives and legislation, incubators and accelerators, clusters, technology transfer offices, coaching and mentoring schemes, etc.); considers that networking and the exchange of best practice play an important role in this respect; believes that intangible and non-financial support such as access to knowledge and information, financial education and business networks is essential for new entrepreneurs and SMEs to develop their businesses; considers that, to stimulate the internal market and trade among small businesses, it is particularly important to ensure the mutual recognition of occupational qualifications and the interoperability of different commercial regulatory systems;
19. Points out that young companies which internationalise rapidly and intensively after their start-up phase make useful contributions to the economy by creating innovation, encouraging other companies to innovate, taking part in international supply chains and creating sustainable high-quality employment; notes, however, that since these companies face considerable challenges during the start-up phase due to low levels of capital, low-

cost, simple and quick start-up procedures would be of benefit to them;

20. Points out that the importance of creating and providing ‘integral’ support to young entrepreneurs through business incubators provides an opportunity for them to try out their ideas, become familiar with business structures and get in touch with potential partners, customers and investors; emphasises that mentoring is not only necessary during the initial phase, but also throughout the critical years following the start-up phase;
21. Considers that SMEs have great innovative potential within the European economy and play a crucial role in providing pathways into work; regrets that in many Member States they are excluded from public research, innovation and development policy, and calls for a radical reversal of that trend;
22. Notes that in many Member States there is insufficient support and/or an insufficient regulatory framework to ensure appropriate conditions for young and innovative companies and start-ups and stresses the need to better coordinate the different European, national, regional and local policies and instruments concerning SMEs;
23. Observes that a long-term strategy to improve the competitiveness of a business and protect employment may necessitate restructuring; reiterates the importance of providing information and consulting workers when restructuring is anticipated and to help manage it; calls on the Commission, as soon as possible, on the basis of Article 225 of the Treaty on the Functioning of the European Union and after consulting the social partners, to submit a proposal for a legal act in accordance with the detailed recommendations made in the European Parliament resolution of 15 January 2013;
24. Welcomes the introduction of the ‘SME test’; regrets, however, that only some Member States have made it part of their national decision-making process;
25. Believes that unfair tax competition between Member States negatively affects the development of enterprises, that SMEs are often at a disadvantage in tax systems compared to larger companies, and that potential growth and investment where SMEs are concerned are therefore being stifled; is in favour of better coordination of company tax systems in the EU through the introduction of a harmonised tax base, accompanied by action to combat tax evasion and aggressive tax planning;
26. Calls on the Member States to continue taking policy measures, accompanied by economic and regulatory incentive mechanisms, which shape culture and educational systems through the creation of partnerships and exchange networks between all the various levels of education and companies, in order to bridge the current gap between academia and the market and make it easier for researchers to move from universities to companies, thereby fostering innovation; believes that Member States must be more responsive to labour market needs, notably by fostering work-based learning and apprenticeships, as well as re-training of employees and provision of life-long learning opportunities; calls on the Commission and the Member States to create viable transition schemes from higher education and vocational training to the labour market, especially for young professionals entering the labour market for the first time; calls for entrepreneurship courses to be introduced into educational systems from secondary level, and for entrepreneurship to feature as a key skill in education and training programmes;

27. Stresses that, to address the skills shortage Europe is currently facing, urgent action is needed to speed up women's access to scientific and technological training and occupations, particularly in the new information and communications technology sector;
28. Calls on the Member States to promote a culture of internationalisation through information, the presentation of good practices and the provision of a platform for information exchange; urges them to provide skills development in the field of entrepreneurship with an international focus, to promote transparency as regards available support tools for start-ups, to support networking and exchanges that link young entrepreneurs with potential investors and business partners, and to provide operational advice and support even after the start-up phase in order to help them get through the critical early years and provide incentives for employment;
29. Emphasises the need to promote science, technology, engineering and mathematics (STEM) education and skills in the EU as a necessary means for meeting the increasing demands of businesses in the coming years and developing the innovators and entrepreneurs of tomorrow; stresses the need to address the declining rate of women participating in STEM subjects and to further expand the EU's talent pool;
30. Notes the positive impact on employment of vocational education systems which combine theoretical training with practical experience; stresses in this connection the importance of close cooperation between the private and public sectors and the involvement of the social partners;
31. Emphasises the importance of providing young Europeans with entrepreneurial education and encouraging entrepreneurial attitudes; in this context, notes the landmark role that the European Institute of Innovation and Technology (EIT) plays in promoting an entrepreneurial culture through education, training and practice; notes that all the EIT's Knowledge and Innovation Communities actively promote entrepreneurship in their respective fields through the development of curricula that combine excellent science and innovation with entrepreneurial skills and experiences, thus preparing the entrepreneurs of tomorrow and infusing existing businesses with an innovative and entrepreneurial mindset;
32. Believes in the importance of promoting senior entrepreneurship as a means of engaging the senior population with significant business experience in the innovation process, thereby extending working lives and retaining indispensable skills in the labour market;
33. Supports EU initiatives which help SMEs access more financial resources with greater ease, on the grounds that they make for easier, faster access to funding for young and innovative companies, encourage Member States to adopt mechanisms to encourage innovation (e.g. tax credit mechanisms to fund research and innovation) and redress inequalities between Member States; supports initiatives seeking to encourage entrepreneurs whose businesses have failed, so as to offer them a second chance and not discourage risk-taking;
34. Considers that SMEs in Europe are very dependent on bank financing and that this increases their vulnerability; notes that there are real benefits in new forms of funding through innovative programmes and non-banking routes such as peer-to-peer loans, crowd funding, cooperative business models, microcredit and other tools which can provide vital

investment for SMEs in order to create new jobs; considers that new forms of funding could be beneficial for young, dynamic companies that have problems accessing more traditional sources of funding because they are so new; welcomes the fact that the Commission acknowledges the potential of alternative sources of financing for starting up and taking over SMEs and that it is investigating the scope for providing a framework for, and supporting, these approaches; calls on the Commission to investigate how these sources of funding could be further leveraged to help micro-enterprises and SMEs, and to address the needs for regulation, education and research in this field; calls on the Member States, acting in cooperation with the social partners and other stakeholders at regional and local level, to identify strategic sectors suitable for projects with alternative financing, particularly in regions where the conventional economy cannot sufficiently meet specific economic and social needs;

35. Considers it extremely important for Member States to implement Directive 2011/7/EU on combating late payment in commercial transactions, under which, with regard to transactions between undertakings and public authorities, the contractual payment period must not exceed the time limits laid down in Article 4(3) unless otherwise expressly agreed in the contract and provided it is objectively justified in the light of the particular nature or features of the contract, and that it in any event does not exceed 60 calendar days;
36. Emphasises the need for rules to be simplified and harmonised, and for financial and tax incentives to be provided with a view to enabling angel investors, seed investors and venture capital investors to engage in cross-border funding of innovative businesses and start-ups, and to establishing a European venture capital area; stresses how important it is to cut taxes on capital gains from investment in research-driven, innovative SMEs;
37. Urges the Commission and Member States to help the local authorities and SME associations promote local production and product quality, for example through the formation of business clusters for joint research and development projects;
38. Believes that innovation in SMEs is an important route to job creation; points out that it is essential that, in order to successfully participate in the innovation system, SMEs are in the driving seat with regard to their innovative activities and that support is better tailored to their real needs;
39. Calls on the Commission to conduct SME tests transparently and properly when developing legislation and to propose, as a matter of urgency, lighter regimes and exemptions across a wider range of legislative proposals in order to significantly reduce costs for SMEs;
40. Emphasises that non-innovative and established SMEs looking to expand into new markets or to transfer their ownership often also need public support in order to secure the necessary financing;
41. Welcomes the creation of an SME instrument under the Horizon 2020 programme enabling SMEs to access financial and non-financial support to implement innovative ideas; calls on the Commission to bring in the instrument, as of 2014, in the most SME-friendly way, through a single dedicated agency, allowing for the genuine ‘bottom-up’ submission of projects and supporting all types of innovation, including non-technological

and social innovation;

42. Emphasises that all measures to support SMEs should be applicable to self-employment, especially as regards the different types of social security systems, the expected benefits of them and the prevention of risks at work;
43. Believes that action should be taken to simplify and reduce the burden imposed by each of the top 10 most burdensome regulations for SMEs;
44. Welcomes the reduction of REACH registration fees for SMEs, even though fees represent a fraction of the overall compliance costs; is extremely concerned, however, that initial cost estimates from REACH were underestimated, with this difference already amounting to over EUR1 billion – a figure that will continue to rise;
45. Emphasises the fact that, in addition to its role as a platform for social communication, the internet's role as a platform by which all citizens can launch a service or innovative product targeted at any other citizen, as well as help raise the necessary funding, is a core principle of the Digital Single Market, and calls for remaining barriers to cross-border trading to be removed as far as possible; notes how important the digital economy is when it comes to creating jobs and SMEs, especially in sectors in which Europe is traditionally strong, such the creative industries, cultural heritage and tourism; considers that completion of the digital single market will favour the support and development of SMEs; considers it necessary to ensure that the necessary qualified ICT staff is available and that the European public possesses the digital skills necessary to make use of ICT technology; stresses that personal integrity and protection of commercial data should always be guaranteed;
46. Stresses the opportunities that ICT technologies play in enhancing productivity and competitiveness; emphasises the need for the potential of the digital single market to be unleashed, and points out that the cost of creating an innovative ICT start-up has fallen by a factor of 100 in the last 10 years, mainly as a result of technologies such as ultra-fast and ubiquitous broadband, cloud computing, open source software, open data and access to public sector information;
47. Emphasises the need to avoid placing disproportionate regulatory burdens on SMEs; believes the Commission must do more to fulfil its 2011 commitment to propose lighter regulatory regimes for SMEs;
48. Considers that completion of the digital single market will favour the support and development of SMEs; considers it necessary to ensure that the necessary qualified ICT staff is available and that the European public possesses the digital skills necessary to make use of ICT technology;
49. Stresses the need to improve overall business efficiency through projects and instruments which make it possible to confront the challenge of energy recovery with a view to encouraging reduced energy costs;
50. Believes micro-businesses should benefit from automatic exemptions and only be included in regulations that benefit them;

51. Believes that the Commission and the Member States should promote schemes that would enable easier access to the labour market for professionals entering it for the first time, especially by reducing the complexity and cost of becoming self-employed, including cutting indirect labour costs; in this spirit encourages the establishment of a European definition of the 'auto-entrepreneur' for activities related to the European digital economy;
52. Stresses the need to strengthen EU rules concerning product traceability so as to combat counterfeiting and create an effective means of encouraging the development of SMEs.
53. Stresses that fundamental workers' rights and occupational health and safety should not be jeopardised by the reduction of documentation and reporting obligations;
54. Highlights the fact that eGovernment is particularly beneficial for entrepreneurs (particularly SMEs, who often face insurmountable barriers when operating across borders within the EU), as it brings reduced administrative costs and burdens, increased productivity, efficiency, competitiveness, transparency, openness, policy effectiveness, accessibility and streamlining of procedures;
55. Believes that the Commission's recent communication on Regulatory Fitness (REFIT) should be the start of a more ambitious drive to build a more competitive EU by reducing the cost of regulation for business by means of simplifying initiatives, fitness checks and withdrawals and repeals of legislation.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	28.11.2013
Result of final vote	+: 38 -: 7 0: 1
Members present for the final vote	Josefa Andrés Barea, Jean-Pierre Audy, Ivo Belet, Jan Březina, Giles Chichester, Jürgen Creutzmann, Pilar del Castillo Vera, Christian Ehler, Vicky Ford, Adam Gierek, Norbert Glante, Fiona Hall, Kent Johansson, Romana Jordan, Krišjānis Kariņš, Philippe Lamberts, Bogdan Kazimierz Marcinkiewicz, Angelika Niebler, Jaroslav Paška, Vittorio Prodi, Miloslav Ransdorf, Herbert Reul, Teresa Riera Madurell, Jens Rohde, Paul Rübig, Salvador Sedó i Alabart, Francisco Sosa Wagner, Konrad Szymański, Patrizia Toia, Evžen Tošenovský, Catherine Trautmann, Ioannis A. Tsoukalas, Marita Ulvskog, Vladimir Urutchev, Adina-Ioana Vălean, Alejo Vidal-Quadras
Substitute(s) present for the final vote	Rachida Dati, Roger Helmer, Jolanta Emilia Hibner, Seán Kelly, Holger Krahmer, Werner Langen, Zofija Mazej Kukovič, Alajos Mészáros, Vladimír Remek, Silvia-Adriana Țicău