

EUROPEAN PARLIAMENT

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Committee on Employment and Social Affairs

2005/0050(COD)

11.10.2005

OPINION

of the Committee on Employment and Social Affairs

for the Committee on Industry, Research and Energy

on the proposal for a European Parliament and Council decision establishing a Competitiveness and Innovation Framework Programme (2007-2013)
(COM(2005)0121 – C6-0098/2005 – 2005/0050(COD))

Draftsman: José Albino Silva Peneda

PA_Leg

SHORT JUSTIFICATION

The proposed Competitiveness and Innovation Framework Programme aims at bringing together into a common framework existing specific Community support programmes and relevant parts of other Community programmes in fields critical to boosting European productivity, innovation capacity and sustainable growth, while addressing complementary environmental concerns.

Your draftsman welcomes this initiative to bring greater coherence and synergy between the relevant Community programmes and instruments.

The Framework Programme is to run from 2007 until 2013 with a budget of EUR 4,21 billion. It will comprise 3 sub-programmes:

- the Entrepreneurship and Innovation Programme,
- the ICT (information and communication technology) Policy Support Programme,
- the Intelligent Energy - Europe Programme.

Your draftsman recognises the important role played by the SMEs in the EU economy. Therefore, he welcomes the fact that SMEs are at the core of the new Programme and strategy.

The specific programmes and instruments should facilitate adjustment of companies to structural change, encourage a favourable environment for entrepreneurship and enterprise cooperation, with particular attention to SMEs, and foster better exploitation of the innovative potential of enterprises.

The Community must also equip itself with a sound analytical basis to support policy making in the fields of SMEs, entrepreneurship, innovation and competitiveness in industrial sectors. Such a basis should add value to the information available at national level in these fields.

The Community should provide for the common development of competitiveness strategies for industrial and service sectors. The Community should also promote best practices in relation to an entrepreneurial environment and culture, including corporate social responsibility and equal gender opportunity, and to promote the emergence of young entrepreneurs.

The Entrepreneurship and Innovation programme should respond to the changing financing needs of SMEs, including the need for proximity financing and their adaptation to the new financial environment whilst avoiding market distortions.

Your draftsman has suggested some amendments to the Commission proposal, mainly introducing employment and social policy elements.

AMENDMENTS

The Committee on Employment and Social Affairs calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission ¹	Amendments by Parliament
Amendment 1 Recital 2	
(2) In order to contribute to the enhancement of competitiveness and innovation capacity in the Community, the advancement of the knowledge society, and sustainable development based on balanced economic growth, a Competitiveness and Innovation Framework Programme (hereinafter “the Framework Programme”) should be established.	(2) In order to contribute to the enhancement of competitiveness <i>capacity with a view to attaining the Lisbon objective of full employment</i> , and innovation capacity in the Community, <i>which will contribute to social progress and cohesion</i> , the advancement of the knowledge society, and sustainable development based on balanced economic growth, a Competitiveness and Innovation Framework Programme (hereinafter “the Framework Programme”) should be established.
<i>Justification</i>	
<i>If competitiveness and innovation need to be promoted in the Community, it is precisely because the final beneficiaries of positive results will be European Union citizens themselves, in particular workers. The final objective therefore of the actions introduced by the framework programme in question is to achieve full employment, as provided for by the Lisbon Strategy.</i>	
Amendment 2 Recital 3	
(3) This is in line with the Communication from the Commission to the Spring European Council entitled “Working together for growth and jobs – a new start for the Lisbon Strategy” ² , which calls for actions to deliver growth and competitiveness and to make Europe a more attractive place to invest and work, recalling that entrepreneurial initiative must be	(3) This is in line with the Communication from the Commission to the Spring European Council entitled “Working together for growth and jobs – a new start for the Lisbon Strategy” ³ , which calls for actions to deliver <i>balanced economic</i> growth and competitiveness and to make Europe a more attractive place to invest and work, recalling that entrepreneurial initiative

¹ Not yet published in OJ.

² COM(2005) 24, 2.2.2005

³ COM(2005) 24, 2.2.2005

stimulated, sufficient risk capital attracted to start up businesses, and a strong European industrial base sustained whilst innovation and notably eco-innovation, that is, innovation related to or using environmental technologies, the uptake of information and communication technologies (ICT) and the sustainable use of resources should be promoted. Whilst competitiveness is to a large measure driven by vibrant business operating in open and competitive markets and supported by the right framework conditions, in particular by a regulatory framework conducive to innovation, Community financing has a role to play in leveraging support and providing complementary funding in order to tackle situations of market failure.

must be stimulated, sufficient risk capital attracted to start up businesses, ***the number of jobs increased and their quality improved notably***, and a strong European industrial base sustained whilst innovation and notably eco-innovation, that is, innovation related to or using environmental technologies, the uptake of information and communication technologies (ICT) and the sustainable use of resources should be promoted. Whilst competitiveness is to a large measure driven by vibrant business operating in open and competitive markets and supported by the right framework conditions, in particular by a regulatory framework conducive to innovation, ***by a trained workforce and by the social cohesion of Europe***, Community financing has a role to play in leveraging support and providing complementary funding in order to tackle situations of market failure.

Justification

The creation of more businesses and a strengthening of the entrepreneurial spirit can and must contribute not only to developing jobs in the market, but also to improving existing ones.

Amendment 3 Recital 10

(10) In order to ensure that financing be limited to tackling market failures, and with a view to avoiding market distortions, funding from the Framework Programme should comply with the Community State aid rules and the accompanying instruments and the Community definition of SMEs in place.

(10) In order to ensure that financing be limited to tackling market failures, ***including labour market failures***, and with a view to avoiding market distortions, ***which may mean, inter alia, a further rise in unemployment***, funding from the Framework Programme should comply with the Community State aid rules and the accompanying instruments and the Community definition of SMEs in place.

Justification

It is not only the functioning of the goods and financial market that is important, the labour market is also important and also needs proper attention from the Community and its financial intervention where this is deemed necessary owing to particular difficulties.

Amendment 4 Recital 12

(12) The Framework Programme and the specific programmes should be regularly monitored *and* evaluated in order to allow for readjustments.

(12) The Framework Programme and the specific programmes should be regularly monitored. ***To that end, the Commission shall establish an annual implementation report for each specific programme as regards financial implementation, results and impacts. The Framework Programme and the specific programmes will be*** evaluated in order to allow for readjustments.

Justification

This amendment aims at clarifying to a limited extent the way in which the programmes will be monitored and evaluated. The text of this recital is too vague.

Amendment 5 Recital 18

(18) The European Investment Fund (EIF) is the Community's specialised vehicle for providing risk capital and guarantee instruments for SMEs. It contributes to the pursuit of Community objectives, including a knowledge-based society, innovation, growth, employment and the promotion of entrepreneurial spirit. The EIF ensures the required continuity in the management of Community programmes and has gathered extensive experience therein. The operation by the EIF of Community financial instruments for SMEs on behalf of the Commission has therefore been considered a good practice by independent evaluations. The EIF has also the expertise to support emerging actions based on public-private partnerships launched by Member States aiming at attracting high-risk investment streams from the capital markets to the benefit of innovative small businesses.

(18) The European Investment Fund (EIF) is the Community's specialised vehicle for providing risk capital and guarantee instruments for SMEs. It contributes to the pursuit of Community objectives, including a knowledge-based society, innovation, growth, employment and the promotion of entrepreneurial spirit. The EIF ensures the required continuity in the management of Community programmes and has gathered extensive experience therein. The operation by the EIF of Community financial instruments for SMEs on behalf of the Commission has therefore been considered a good practice by independent evaluations. The EIF has also the expertise to support emerging actions based on public-private partnerships launched by Member States aiming at attracting high-risk investment streams from the capital markets to the benefit of innovative small businesses ***and creating microfinancing facilities for flexible forms of female or family businesses which use innovative forms of technology. The visibility of EIF actions in specific relation to SMEs should be improved.***

Justification

EIF plays an important role in supporting SMEs, but there is still a lack of visibility of their actions amongst the principal interested parties, SMEs.

Amendment 6

Recital 20

(20) Services in support of business and innovation play an important role in ensuring SMEs' access to information relating to the functioning and opportunities of the internal market for goods and services as well as in the trans-national transfer of innovation, knowledge and technology. They also have a crucial role to play in facilitating SME's access to information on Community legislation applying to them and on future legislation to which they can prepare and adapt in a cost-effective way. External evaluations have stressed that the horizontal role in the delivery of European business support services should be strengthened. This concerns the dissemination of information on Community programmes and the promotion of the participation of SMEs in those programmes, in particular SME participation in the Community framework programme for research, technological development and demonstration. Evaluations have also stressed the importance of facilitating interaction between the Commission and SMEs.

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Justification

Labour law and social legislation form an important part of legislation that can be burdensome for enterprises, especially SMEs. Therefore, the access to this (future) social legislation is of particular importance.

Amendment 7

Recital 21

(21) The Community must equip itself with a sound analytical basis to support policy making in the fields of SMEs,

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entrepreneurship, innovation and competitiveness in industrial sectors. Such a basis should add value to the information available at the national level in these fields. The Community should provide for the common development of competitiveness strategies for industrial and service sectors, and for the promotion of best practices *in relation to an entrepreneurial environment and culture, including corporate social responsibility and equal gender opportunity, and to promote the emergence of young entrepreneurs.*

entrepreneurship, innovation and competitiveness in industrial sectors. Such a basis should add value to the information available at the national level in these fields. The Community should provide for the common development of competitiveness strategies for industrial and service sectors, and for the promotion of best practices *and the utilisation of experience both with regard to an entrepreneurial environment, the continuous upgrading of the educational level of workers, the development of an entrepreneurial culture by men and women, corporate social responsibility based on the principle of equal opportunities and equal treatment for men and women in respect of training, employment and lifelong learning.*

Amendment 8
Recital 22

(22) The European Council of 20 and 21 March 2003 gave priority to innovation and entrepreneurship and stressed the need for Europe to do more to turn ideas into real value-added. It called for further action in order to create the conditions in which business innovates. The linear model of innovation, that assumes that research leads directly to innovation, has proved to be insufficient to explain innovation performance and to design appropriate innovation policy responses. Recognising that enterprises are at the heart of the innovation process, funding to stimulate innovation activities of enterprises and preparing the market-take up of innovation as well as innovation governance and culture should therefore be placed under the Entrepreneurship and Innovation programme. This should help to ensure that innovation works to promote competitiveness and is carried through into practical application at a business level. The European Council of 25 and 26 March 2004 added that clean technologies are vital to fully exploit synergies between enterprise and the environment. The promotion of eco-

(22) The European Council of 20 and 21 March 2003 gave priority to innovation and entrepreneurship and stressed the need for Europe to do more to turn ideas into real value-added. It called for further action in order to create the conditions in which business innovates. The linear model of innovation, that assumes that research leads directly to innovation, has proved to be insufficient to explain innovation performance and to design appropriate innovation policy responses. Recognising that enterprises *and their workers* are at the heart of the innovation process, funding to stimulate innovation activities of enterprises, *a more targeted involvement of entrepreneurship as an important area for action at all training levels*, and preparing the market-take up of innovation as well as innovation governance and culture should therefore be placed under the Entrepreneurship and Innovation programme. This should help to ensure that innovation works to promote competitiveness and is carried through into practical application at a business level. The European Council of 25 and 26 March 2004

innovation, which includes innovative clean technologies, can help exploit their potential.

added that clean technologies are vital to fully exploit synergies between enterprise and the environment. The promotion of eco-innovation, which includes innovative clean technologies, can help exploit their potential. ***There is also an untapped potential among workers in undertakings at all levels. There is a great deal of knowledge here, which should be used to improve competitiveness and entrepreneurship.***

Amendment 9
Recital 27

(27) ICT provide the backbone for the knowledge economy. They account for around half of the productivity growth in modern economies and provide unique solutions to address the key societal challenges. The improvement of public sector and general interest services needs to be conducted in close collaboration with the relevant Community policies, for example, in the fields of public health, education and training, environment, transport and internal market development and competition.

(27) ICT provide the backbone for the knowledge economy. They account for around half of the productivity growth in modern economies and provide unique solutions to address the key societal challenges. The improvement of public sector and general interest services needs to be conducted in close collaboration with the relevant Community policies, for example, in the fields of public health, ***social welfare and care for persons with special needs***, education and training, ***employment***, environment, transport and internal market development and competition.

Justification

The protection of persons with special needs and employment are included in Community policies concerning public sector and general welfare services.

Amendment 10
Recital 28

(28) The deployment and best use of innovative ICT based solutions should be stimulated, in particular for services in areas of public interest. Community support should also facilitate the coordination and the implementation of actions for developing the Information society across the Member States.

(28) The deployment and best use of innovative ICT based solutions should be stimulated, in particular for services in areas of public interest. Community support should also facilitate the coordination and the implementation of actions for developing the Information society ***without exclusions*** across the Member States.

Justification

Brings the recital in line with Articles 2, 26 and 29 of this proposal.

Amendment 11
Article 1, paragraph 3

3. The Framework Programme shall not cover research and technological development activities carried out in accordance with Article 166 of the Treaty.

3. The Framework Programme shall not cover, ***but nor shall it run counter to,*** research and technological development activities carried out in accordance with Article 166 of the Treaty.

Justification

Community activities in the fields of research and technological development on the one hand and competitiveness and innovation on the other not only should not overlap, but should complement and reinforce each other in order to be more effective.

Amendment 12
Article 2, paragraph 1, point (b a) (new)

(ba) to promote the continuous training and education of workers;

Justification

In a competitive and innovative economy the issue of the educational level of workers is vital, since they are central to such an economy.

Amendment 13
Article 6, paragraph 1, point (e)

(e) ***information sharing***, dissemination and awareness raising;

(e) sharing ***and dissemination of information, experience and best practices***, and awareness raising;

Justification

In order to promote implementation of the programme, the promotion, communication and sharing of information and experience and the dissemination of best practices is essential.

Amendment 14
Article 10, paragraph 1

1. A programme in support of enterprise and SMEs, entrepreneurship, innovation and industrial competitiveness, (hereinafter ‘the

1. A programme in support of enterprise and SMEs, entrepreneurship, innovation, ***the dissemination of knowledge*** and industrial

Entrepreneurship and Innovation Programme'), is hereby established.

competitiveness, (hereinafter 'the Entrepreneurship and Innovation Programme'), is hereby established.

Justification

The dissemination of knowledge plays a key role in the taking of entrepreneurial initiatives and promoting entrepreneurship.

Amendment 15
Article 10, paragraph 2 (a a) (new)

(aa) the creation of quality jobs in creative and innovative industries.

Justification

The programme must have a very clear and explicit objective of creating quality employment.

Amendment 16
Article 10, paragraph 2, point (e a) (new)

(ea) continuous education and training of workers.

Justification

See justification for Article 2, paragraph 1, point (b a)(new).

Amendment 17
Article 11 a (new)

Quality jobs in creative and innovative industries

Action in relation to quality jobs in creative and innovative industries may include

(a) encouraging good employment practices, including worker participation;

(b) encouraging support for cooperatives and social economy enterprises;

(c) promoting cooperation and exchange of best practice in terms of employment and sustainable development.

Justification

The programme must have a very clear and explicit objective of creating quality employment.

Particular attention needs to be paid to cooperatives and social economy enterprises.

Amendment 18
Article 14, point (a)

(a) encouraging entrepreneurial mindsets, skills and culture, and the balancing of entrepreneurial risk and reward, in particular for young entrepreneurs;

(a) encouraging entrepreneurial mindsets skills and culture ***among workers at all levels in an undertaking***, and the balancing of entrepreneurial risk and reward, in particular for young entrepreneurs;

Amendment 19
Article 14, point (c a) (new)

(ca) promoting entrepreneurship as an important area for action at all levels of training.

Amendment 20
Article 15 a (new)

Article 15 a

Education and training of workers

Activities relating to the continuous education and training of workers may include:

(a) the dissemination of new technological knowledge among workers through special seminars aimed at improving their skills and abilities;

(b) the continuous education and training of workers at regular intervals in order, on the one hand, to promote the culture of innovation and, on the other, to introduce the conditions in which they undertake creative initiatives and actions.

Justification

This new article follows on naturally from the addition of a new objective regarding the education and training for workers in Article 10 ‘Objectives and Fields of Action’. The means of achieving this objective are mentioned here.

Amendment 21
article 24, point (d a) (new)

(da) identifying bottlenecks and measures to coordinate the Member States' fiscal policy and taxation with a view to facilitating access to venture capital for SMEs.

Amendment 22
Article 28, point (a)

(a) promoting innovation in processes, services and products enabled by ICTs, in particular in SMEs and public services, taking into account the necessary **skills** requirements;

(a) promoting innovation in processes, services and products enabled by ICTs, in particular in SMEs and public services, taking into account the necessary requirements **of a high level of training so as to achieve a broad range of skills and ensure it is put into practice through lifelong learning**;

Justification

A workforce which is highly specialised is better able to meet the rapidly changing requirements of business and can be more easily transferred to new jobs.

Amendment 23
Article 28, point (c)

(c) promoting and raising awareness of the opportunities and benefits that ICTs bring to citizens and businesses and stimulating debate at the European level on emerging ICT trends.

(c) promoting and raising awareness of the opportunities and benefits that ICTs bring to citizens, **in particular the unemployed and persons with special needs**, and businesses and stimulating debate at the European level on emerging ICT trends.

Justification

This amendment underscores the importance of using ICTs for certain vulnerable categories of person which we should pay more attention to.

Amendment 24
Article 29, point (c)

(c) improving the quality, efficiency and availability of electronic services in areas of public interest and for ICT enabled participation, including interoperable pan-European or cross border public services as well as the development of common interest

(c) improving the **access**, quality, efficiency and availability of electronic services in areas of public interest and for ICT enabled participation, including interoperable pan-European or cross border public services as well as the development of common interest

building blocks and sharing good practices.

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Justification

The access to electronic services in areas of public interest should also be improved in order to avoid people being excluded from public services because they don't have access to electronic services.

PROCEDURE

Title	Proposal for a European Parliament and Council decision establishing a Competitiveness and Innovation Framework Programme (2007-2013)
References	COM(2005)0121 – C6-0098/2005 – 2005/0050(COD)
Committee responsible	ITRE
Committee asked for its opinion Date announced in plenary	EMPL 27.4.2005
Enhanced cooperation	No
Draftsman Date appointed	José Albino Silva Peneda 24.5.2005
Discussed in committee	12.7.2005 14.9.2005
Date amendments adopted	5.10.2005
Result of final vote	for: 24 against: 3 abstentions: 0
Members present for the final vote	Jan Andersson, Jean-Luc Bennahmias, Emine Bozkurt, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Luigi Cocilovo, Jean Louis Cottigny, Proinsias De Rossa, Richard Falbr, Jan Jerzy Kułakowski, Sepp Kusstatscher, Raymond Langendries, Bernard Lehideux, Elizabeth Lynne, Thomas Mann, Ana Mato Adrover, Maria Matsouka, Ria Oomen-Ruijten, Marie Panayotopoulos-Cassiotou, José Albino Silva Peneda, Kathy Sinnott, Jean Spautz, Anne Van Lancker, Gabriele Zimmer
Substitutes present for the final vote	Edit Bauer, Mihael Brejc, Udo Bullmann, Françoise Castex, Lasse Lehtinen, Elisabeth Schroedter, Ursula Stenzel, Patrizia Toia, Evangelia Tzampazi
Substitutes under Rule 178(2) present for the final vote	---