

EUROPEAN PARLIAMENT

1999



2004

Session document

FINAL
A5-0347/2003

8 October 2003

REPORT

on entrepreneurship in Europe - Green Paper
(COM(2003) 27 - 2003/2161(INI))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Werner Langen

CONTENTS

	Page
PROCEDURAL PAGE	4
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	6
EXPLANATORY STATEMENT	14
OPINION OF THE COMMITTEE ON BUDGETS	16

PROCEDURAL PAGE

By letter of 21 January 2003 the Commission forwarded to Parliament its Green Paper on Entrepreneurship in Europe (COM(2003) 27), which had been referred to the Committee on Industry, External Trade, Research and Energy and the Committee on Budgets, the Committee on Economic and Monetary Affairs, the Committee on Legal Affairs and the Internal Market, the Committee on Employment and Social Affairs, the Committee on Regional Policy, Transport and Tourism and the Committee on Culture, Youth, Education, the Media and Sport for information.

At the sitting of 4 September 2003 the President of Parliament announced that the Committee on Industry, External Trade, Research and Energy had been authorised to draw up an own-initiative report on the subject under Rules 47(2) and 163 and the Committee on Budgets, the Committee on Economic and Monetary Affairs, the Committee on Legal Affairs and the Internal Market, the Committee on Employment and Social Affairs, the Committee on Regional Policy, Transport and Tourism and the Committee on Culture, Youth, Education, the Media and Sport had been asked for their opinions.

The Committee on Industry, External Trade, Research and Energy had appointed Werner Langen rapporteur at its meeting of 20 March 2003.

The committee considered the draft report at its meetings of 10 June, 9 July, 26 August and 7 October 2003.

At the last meeting it adopted the motion for a resolution by 41 votes to 4.

The following were present for the vote: Luis Berenguer Fuster, chairman; Peter Michael Mombaur and Yves Piétrasanta, vice-chairmen; Werner Langen, rapporteur; Gordon J. Adam (for Massimo Carraro), Nuala Ahern, Marco Cappato, Gérard Caudron, Nicholas Clegg, Willy C.E.H. De Clercq, Marie-Hélène Descamps (for Sir Robert Atkins), Den Dover (for Giles Bryan Chichester pursuant to Rule 153(2)), Francesco Fiori (for Guido Bodrato), Christos Folias (for Concepció Ferrer), Neena Gill (for Rolf Linkohr), Norbert Glante, Michel Hansenne, Hans Karlsson, Dimitrios Koulourianos (for Konstantinos Alyssandrakis), Caroline Lucas, Eryl Margaret McNally, Erika Mann, Marjo Matikainen-Kallström, Ana Clara Maria Miranda de Lage, Elizabeth Montfort, Bill Newton Dunn (for Elly Plooij-van Gorsel), Angelika Niebler, Giuseppe Nisticò (for Umberto Scapagnini), Seán Ó Neachtain, Reino Paasilinna, Paolo Pastorelli, José Javier Pomés Ruiz (for Jaime Valdivielso de Cué pursuant to Rule 153(2)), Godelieve Quisthoudt-Rowohl, Imelda Mary Read, Mechtild Rothe, Christian Foldberg Rovsing, Paul Rübig, Konrad K. Schwaiger, Esko Olavi Seppänen, Claude Turmes, W.G. van Velzen, Alejo Vidal-Quadras Roca, Dominique Vlasto, Myrsini Zorba and Olga Zrihen Zaari.

The opinion of the Committee on Budgets is attached; the Committee on Economic and Monetary Affairs decided on 1 September 2003 not to deliver an opinion, the Committee on Legal Affairs and the Internal Market decided on 11 September 2003 not to deliver an opinion, the Committee on Employment and Social Affairs decided on 10 September 2003 not to deliver an opinion, the Committee on Regional Policy, Transport and Tourism decided on 10 September 2003 not to deliver an opinion and the Committee on Culture, Youth, Education, the Media and Sport decided on 11 September 2003 not to deliver an opinion.

The report was tabled on 8 October 2003.

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on entrepreneurship in Europe - Green Paper (COM(2003) 27 - 2003/2161(INI))

The European Parliament,

- having regard to the European Commission's Green Paper on entrepreneurship in Europe (COM(2003) 27)¹,
- having regard to Article II-16 (Freedom to conduct a business) of the draft Treaty establishing a Constitution for Europe,
- having regard to the conclusions of the European Council of 23-24 March 2000 in Lisbon and to its own resolution of 15 March 2000 on 'the Special European Council to be held in Lisbon on 23/24 March 2000'²,
- having regard to the Commission communication entitled 'Thinking small in an enlarging Europe' (COM(2003) 26),
- having regard to the European Charter for Small enterprises adopted by the European Council in June 2000 in Feira,
- having regard to the Council Decision of 20 December 2000 on a multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) (2001-2005)³,
- having regard to the Commission communication entitled: Action plan 'Simplifying and improving the regulatory environment' (COM(2002) 278),
- having regard to the Commission report on the implementation of the European Charter for Small Enterprises (COM(2003) 21 /2),
- having regard to the Commission communication on Innovation policy: updating the Union's approach in the context of the Lisbon strategy (COM(2003) 112),
- having regard to the Council conclusions of 3 March 2003 on the promotion of entrepreneurship and small firms (2003/C-64)/04),
- having regard to Rules 47(2) and 163 of its Rules of Procedure,
- having regard to the report of the Committee on Industry, External Trade, Research and Energy and the opinion of the Committee on Budgets (A5-0347/2003),

¹ Not yet published in OJ

² OJ C 377, 29.12.2000, pp. 164-166

³ OJ L 333, 29.12.2000, pp. 84-91

- A. whereas structural change in the economy is based on knowledge-based activities in the services sector, thereby creating new business opportunities, and European enterprises must be at the heart of the Lisbon strategy and small enterprises play an indispensable economic and social role,
- B. whereas knowledge-based innovation is essential to continuing economic prosperity and a significant means of employment creation,
- C. whereas the ability to adapt to economic change is crucial for the competitiveness of the entire European Union and a favourable climate for small businesses plays a significant part here,
- D. whereas entrepreneurship is not just about financial gain and people become entrepreneurs for a wide variety of reasons, such as independence, job satisfaction, self-realisation, or the ability to manage one's own work-life balance,
- E. whereas entrepreneurial initiative means above all people who need to be prepared to take risks and want to be independent,
- F. whereas entrepreneurs are the driving force of the social market economy and their achievements make it possible for citizens and consumers to enjoy prosperity, jobs and a wide range of goods and services,
- G. whereas enterprises of all types – from the self-employed and traditional family businesses, through to high-growth medium sized companies – undeniably play an integral role in Europe's economic, social and environmental development,
- H. whereas not enough is known in Europe about enterprises, in particular small and micro-enterprises, and their needs; whereas this lack of relevant information hampers the development of effective business policies,
- I. whereas the attitude of people towards entrepreneurial initiative and its realisation in the individual Member States of the Union differs very widely and the motives for these different modes of behaviour could be one element that needs some consideration within the package of measures,
- J. drawing attention to Parliament's request to the Commission to introduce a 'think small first' policy, which should form the priority basis for the action plan that is to follow on from the Green Paper; calls for this action plan to take due account of the ten lines of action set out in the European Charter for Small Enterprises;
- K. whereas it is essential to acknowledge the broad nature of policies affecting entrepreneurial activity and the Action Plan must therefore take into account such fundamental pre-requisites as macro-economic stability, a favourable legislative environment and an appropriately skilled and flexible labour market,

- L. whereas a comprehensive approach towards promoting entrepreneurship must be effective at three levels, i.e. in motivating people, in relation to the general climate for business and in terms of society's attitude towards entrepreneurial activity,
- M. whereas an effective and comprehensive approach to enterprise policy must consider, firstly, how to promote entrepreneurship and, secondly, how to create an environment that encourages entrepreneurial activity by achieving a more favourable risk-reward balance,
- N. whereas unemployment cannot be fought by granting unemployment benefits or by creating temporary subsidised fixed-term jobs, but only by creating genuinely productive jobs through the establishment of new, and the development of existing, enterprises,
- O. whereas the Maribor Declaration commits the accession countries to implementation of the European Charter for Small Enterprises,
- P. whereas not enough commitment has been shown for the implementing of the European Charter for Small Enterprises, which is a matter both for the Member States and the Commission, in cooperation with organisations representing small enterprises; whereas the European Council in Barcelona urged the Member States to speed up implementation of a European Charter for Small Enterprises and to be guided by good practice,
- Q. whereas, in accordance with the principles of European good governance, policies concerning enterprises should only be planned and implemented after consultations with organisations representing them,
1. Welcomes the Green Paper on entrepreneurship in Europe as a successful starting point for a wide-ranging debate on the policy of the European Union and the Member States on fostering entrepreneurship, as well as the Commission communication on 'Thinking Small in an enlarging Europe' and the Commission report on implementation of the European Charter for small enterprises as a contribution to the more rapid implementation of the Lisbon objectives; criticises, however, the fact that the Green Paper does not pay sufficient attention to the recommendations of the European Charter for Small Enterprises; deplors the fact, finally, that the Green Paper deals almost exclusively with start-ups and high-growth enterprises, to the detriment of enterprises in traditional sectors of activity and cottage industries and family enterprises;
 2. Considers that the Commission Green Paper on entrepreneurship in Europe forms part of the Lisbon Process and, as such, suggests avenues to explore and sketches out possible lines of action that can help the Union to achieve its ambition of becoming the world's most competitive knowledge-based economy by 2010;
 3. Stresses that the Lisbon objectives must remain the leading priority of the Union's economic and social policies, particularly in the run-up to enlargement, and that it is

therefore essential for the Member States to ensure that the EU budget contains the resources required to achieve these objectives;

4. Considers that measures to promote entrepreneurship and support very small and small and medium-sized enterprises and, in general, all of the Lisbon objectives (knowledge economy, sustainable growth, quality jobs and social cohesion) should play a prominent role in the post-2006 financial framework; calls as of now on the Commission to take account of these factors, to which Parliament will pay extremely close attention during the preparations for the discussions on the next EU financial framework;
5. Stresses that the budget headings relating to the Lisbon Process must be properly implemented if the process is to be implemented on schedule;
6. Notes that implementation of these budget headings is, in volume terms, acceptable, with the exception of research policy (36% as at 31 July 2003), against which there is, furthermore, a significant level of outstanding commitments, equivalent to 185% of the budget allocated to the policy;
7. Draws attention nonetheless to the importance which Parliament attaches to very small businesses and the craft trades and regrets that such undertakings are hardly mentioned in the Green Paper, which, furthermore, basically places the emphasis on start-ups or high-growth undertakings to the detriment of traditional sectors or family undertakings;
8. Stresses that very small businesses and the craft trades, which account for more than 90% of European undertakings, are a source of both jobs and innovation and therefore make an active contribution to meeting the Lisbon objectives; considers that entrepreneurs of this kind deserve special attention from the Commission, given their importance to the stability of the socio-economic fabric and employment and the considerable risks they are obliged to take to set up and remain in business;
9. Regrets that the Green Paper only partly incorporates the advances made in the European Charter for Small Enterprises;
10. Is nonetheless concerned that the plethora of Commission papers and initiatives on enterprise policy over recent years, combined with inconsistent follow-up, has disenfranchised, rather than further engaging, the SME community from the policy making process;
11. Calls on the Commission to ensure that the 'Green Paper on entrepreneurship' does not suffer the same fate as the 'White Paper on trade';
12. Applauds the Commission for the length and thoroughness of its public consultation during and after the drafting of the Green Paper and highlights the constructive response received from a wide variety of stakeholders, both quantitatively and qualitatively;

13. Calls for an in-depth debate on the replies received during the public discussion to the ten questions referred to in the Green Paper and expects a concluding final report on the subject;
14. Encourages the Commission to maintain this open and consultative approach during the drafting of the Action Plan in order to benefit from the valuable input of the SME community and other stakeholders;
15. Urges the European Union and the Member States, in the interests of preserving their potential for innovative jobs and on securing their international competitiveness and their economic future, to boost their support for entrepreneurship and business activity with particular emphasis on encouraging female entrepreneurs and potential entrepreneurs in disadvantaged areas;
16. Calls on the Council and the Member States to take whatever initiatives are necessary finally to put an end to old-fashioned attitudes which insist on attributing guilt to entrepreneurial activity and demonising business profit;
17. Recommends therefore that the Action Plan stipulates concrete actions within a binding time-frame, clearly identifies the policy levels at which responsibility for their delivery lies and describes measures that will be taken to monitor implementation;
18. Calls like the Council for a coordinated approach, involving all political decision-makers at European, national and regional level, to remove obstacles to the development and growth of businesses, achieve a balance between the risks and rewards of entrepreneurship and promote the spirit of enterprise in society;
19. Urges the Member States to make more intensive use than hitherto of the numerous positive examples from other Member States for their own programme for the promotion of entrepreneurship;
20. Is of the opinion that the Member States must make a much greater effort in their areas of responsibility (education policy, rules and regulations, cost and time involved in establishing new businesses, provision of risk capital and start-up finance, innovation and technology transfer and tax relief, in particular making provision for risks through the establishment of reserves) in order to give greater encouragement to entrepreneurship;
21. Insists on the need for the Member States to ensure that entrepreneurs acquire professional skills in advance and continue to develop them; looks to the latter to make a genuine effort to promote apprenticeships and training and to take practical measures to encourage the transnational mobility of apprentices, which are essential factors for the stability and durability of European enterprises;
22. Urges in this connection the Member States to ensure swifter implementation of the European Charter for Small Enterprises and to adopt good practice from other Member States; recalls that SMEs and micro-enterprises are increasingly affected by Community legislation and various Community rules; considers that the Commission,

therefore has a responsibility towards these enterprises and that the implementation of the Green Paper and the Charter is also its direct responsibility;

23. Is of the opinion that the diminution in the administrative burden on small businesses, better rules and regulations and easier access to funding and information, particularly with regard to access to third country markets, and greater dissemination of such information, are of considerable significance in creating a more favourable overall climate;
24. Recalls that enterprises, in particular small and micro-enterprises, need quality advice and support services; reiterates to the Commission its request that it should encourage the formation of European specifications for enterprises in consultation with SMEs;
25. Joins with the Council in urging the Commission to produce by the end of 2003 a suitable action plan for entrepreneurship that takes into account the proposals aired in the public debate and believes that it is essential to press ahead rapidly with effective implementation of the action plan on simplifying and improving the quality of the regulatory environment;
26. Calls on the Commission to register and publish the quantitative and qualitative results of the various Community initiatives and financial programmes for strengthening and developing SMEs;
27. Points out that, while the creation of new businesses is undoubtedly important, the focus must be on the quality of start-ups, not the quantity; stresses that too great a focus on start-ups in the Action Plan risks being to the detriment of existing small businesses and therefore failing to tackle the most deep-rooted and significant obstacles to entrepreneurial activity;
28. Sees considerable potential in the EU's internal market programme for promoting the establishment of new businesses and believes that in the European internal market for those starting up new businesses in the services sector it is possible to remove a whole range of obstacles that still exist and thereby facilitate cross-border company start-ups;
29. Urges the Member States to alleviate the fiscal and bureaucratic burden particularly on the transfer of businesses to new proprietors since otherwise there is a risk that many businesses will cease trading for the want of a successor; calls on the Commission, together with business organisations to launch a European information campaign and, together with the European Investment Fund, to determine to specify financial instruments to facilitate the funding of economic recovery;
30. Calls on the European Union and its Member States to step up their efforts to genuinely complete the Single Market, so that the European Union can increase its competitiveness internationally, which will help develop entrepreneurship;
31. Calls also for specific measures to be considered at Community level with the organisations concerned to support the activities of managers' spouses and for

consideration to be given to drafting rules for the recognition and protection of spouses in enterprises;

32. Is of the opinion that the small business sector must be involved more closely in legislation and in fundamental political strategy issues both at the level of the Commission and at that of most Member States;
33. Calls on the Commission to compile a 'collection' of good practices of the Member States in combating the bureaucracy which undermines entrepreneurship and to call on the Council to implement them in all Member States in line with the Mandelkern report;
34. Is of the opinion that 'business angels' and their networks should receive moral and financial support in the European context, and in particular should receive more positive recognition in public opinion and in the taxation systems of Member States;
35. Hopes that the banking system will change its attitude towards SMEs, undertaking the role of 'advisor and support' for SMEs;
36. Believes that boosting business clusters and alliances of SMEs in order to promote their development in the international sphere will help to foster entrepreneurial spirit and make start-ups a more attractive prospect;
37. Calls on the Commission to ensure that the budget implementation rate for Lisbon Process policies, with particular reference to measures for very small businesses and the craft trades, remains high;
38. Considers in this connection that the current financial framework already contains the instruments required to muster additional resources, even at short notice, and that the Commission anyway has considerable budgetary firepower at its disposal in financial perspective heading 3, most of which relates to Lisbon Process policies;
39. Urges the Commission and the European Investment Bank, in cooperation with business organisations, to review and modify accordingly the existing subsidies for micro, small and medium-sized enterprises so that they facilitate company start-ups to a greater extent; calls for the establishment of systems allowing improved access, in particular for small and micro-enterprises, to EIB/EIF funds for legislative and environmental investments and investments in the new technologies and intangible investments linked to training;
40. Urges the Commission and the European Investment Bank to take greater account, in their subsidies, of the role of micro, small and medium-sized enterprises and their special characteristics, in terms of both economic sector and corporate structure (partnerships, companies with share capital);
41. Urges the Commission and public authorities at all levels to implement measures to open up public contracts to SMEs; such contracts account for 16% of the EU's GDP, yet frequently remain inaccessible to smaller businesses, due to cultural, administrative and financial barriers;

42. Urges that the new rules on equity capital for banks (Basel II) in the European Union must take due account of the distinctive features of over 18 million SMEs in Europe and in particular of those starting up companies;
43. Expects the Commission to do everything in its power to involve the accession countries more closely in the promotion of entrepreneurship;
44. Believes it is appropriate to research into entrepreneurship in the various Member States under the sixth framework research programme and to draw up proposals;
45. Confirms the individual items in the Charter for Small Enterprises according to which the correct and essential starting points are to be identified and encouraged in ten fields of activity; is surprised in this respect that the Enterprise Policy Group (EPG) which advises the Commission comprises only a tiny number of representatives of small enterprises, although they account for 95% of European enterprises; looks to the Commission to include representatives of small and micro-enterprises in all necessary forums, as it has pledged to do;
46. Praises the Commission for listing in its report on the implementation of the European Charter for Small Enterprises a whole range of positive examples from all Member States in order to draw attention to the differing level of implementation in the individual Member States and to provide the Member States with evidence of the best available practice;
47. Urges easier access for micro, small and medium-sized enterprises to sources of risk capital and knock-on financing and calls in this connection on the Commission to issue competition policy guidelines for the promotion of company start-ups; considers also that professional and mutual guarantee and security systems must be encouraged in the Member States;
48. Expects from the Commission from 2005 onwards an annual report on the development of entrepreneurship in the European Union and in the Member States;
49. Considers that levels of participation in enterprise vary around the world; believes that the Commission should undertake further research to ascertain if there are any clear reasons or lessons to be learnt to explain why participation in enterprise is higher in some parts of the world than in the EU to understand the root cause of entrepreneurial attitudes; this will help underpin action and strategy development at EU and Member State level;
50. Instructs its President to forward this resolution to the Council, the Commission and the Member States.

EXPLANATORY STATEMENT

The Green Paper on entrepreneurship in Europe is an important contribution by the Commission to promoting growth, employment and the entrepreneurial spirit. Europe must promote entrepreneurial activity more effectively if it wishes to achieve its self-imposed objectives of becoming the most competitive and most dynamic knowledge-based economic region in the world by 2010. A favourable environment for starting up and developing companies is of central importance for the attainment of these objectives.

The Green Paper discusses what entrepreneurship is and why entrepreneurship is important for jobs and growth, for competitiveness, for the realisation of individual potential and for society as a whole. It is also explained how entrepreneurship can be measured in the attitude of the general public towards entrepreneurs, in the preferences for self employment and in business dynamism. Here the Commission has noted considerable differences in the proportion of self-employed persons in the working population in the Member States, although the picture is confused by the differing importance of agriculture in these Member States. The international index of entrepreneurs is more important for the purposes of comparative analysis. This index measures the percentage of adults either actively involved in starting up a new company or seeking to become an owner or part-owner or who have been part of the management of an existing company for not more than three-and-a-half years.

Europe has considerable shortcomings according to this index. The leaders are developing and threshold countries like Thailand, India, Chile, Korea, Argentina, New Zealand, Brazil, Mexico, China and Iceland. However, the USA, Ireland and Canada already occupy 11th place, far ahead of most EU Member States. In the EU, after Ireland, Denmark occupies the highest spot and Belgium, just trailing France, the lowest on the index of entrepreneurs. Especially the New Economy euphoria of recent years has led in some Member States to a boom in start-ups in the high-tech sector, although it has pretty well fizzled out as a result of stock market developments affecting such entrepreneurs. Today, there is a noticeable decline in start-up activity, which is also attributable to the continuing weak growth in some Member States.

The general climate for company start-ups differs widely in the Member States. This explains the catalogue of good proposals which the Commission has taken as the basis of its Green Paper. There is room for improvement in all fields of activity of the EU, but particularly where start-up related knowhow can be disseminated by schools and universities. A leaner bureaucracy, a simplified tax system and keeping the focus on services that meet real needs are also part of the equation, as is the attitude of European citizens towards entrepreneurs and business start-ups. The greatest structural problem is the aversion to risk and pessimism about setting up in business of young people in some Member States, as is borne out by the specific figures. This problem cannot be tackled with new promotional campaigns; what is needed here is a return to a belief in the forces of the social market economy in order to create incentives for potential entrepreneurs to assume entrepreneurial risk and responsibility.

In its Green Paper, the Commission has described what are in its view the necessary next steps. These include a coordinated approach to entrepreneurship policy based on learning from the best, as well as three pillars for action towards an entrepreneurial society through which barriers to business development and growth are brought down, the risks and rewards

of entrepreneurship are balanced and a society that values entrepreneurship is promoted. The ten-point questionnaire listed along with these three tasks is addressed to all concerned parties in the European Union. After evaluating these replies, the Commission has the job of framing a comprehensive blueprint in collaboration with the Member States and Parliament.

This approach is the right and necessary one for fostering entrepreneurship in the EU. However, success will be possible only if all Member States exercising their powers collaborate on this large-scale coordinated approach. The challenges facing a new era of business pioneers in the European Union are evident. The essential structure reforms in some Member States need to be tackled in a determined manner. Public sector activity needs to be looked at and more competition in the economy and in the welfare state as well as completion of the European internal market are also needed. Transforming industrial society into a knowledge-oriented society based on services and knowhow requires the removal of barriers and a boost to research and development. Free space for citizens and hence incentives for individual interests and individual initiative must also be included in the equation. Competition must be practised positively and help ensure that the social market economy outranks other economic systems. Ethical business principles are just as much part of this climate as the underlying regulatory approach based on freedom, individual responsibility, the ability to enthuse others and pioneering spirit.

The Commission has in recent years adopted a whole range of communications and reports dealing with greater support for small businesses in a growing European Union. Included among these are the report on the implementation of the European Charter for Small Enterprises, the report on implementation of the European Charter for Small Enterprises in the Accession Countries, the activities of the European Union for small and medium-sized enterprises published under the title of 'Creating an entrepreneurial Europe' and the working paper on the SME envoy: 'An active interface between the Commission and the SME community'.

Together with the Green Paper on entrepreneurship in Europe, this multiplicity of reports forms an appropriate basis for progressing towards the most dynamic and competitive economic area in the world. In particular, the continuing high priority for small businesses demonstrated by the Commission and the receptiveness of the political spectrum to the interests of such businesses show that a supreme effort is required by the European Union. In its resolution of 20 March 2002 on the outcome of the European Council in Barcelona, Parliament pointed out that responsibility for implementing nearly all the action points in the European Charter for Small Enterprises lies with the Member States. It is also right, therefore, and makes sense that the 10 individual points in the Charter for Small Enterprises should be revised in the light of the experience and good practice of the SME community in the European Union and brought together in a common initiative. The Commission has thereby made it clear that it intends to eliminate obstacles and promote small businesses in all areas of business-related policy in the European Union and in the Member States.

2 October 2003

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Industry, External Trade, Research and Energy

on entrepreneurship in Europe - Green Paper
(COM(2003) 27 - 2003/2161(INI))

Draftsman: Catherine Guy-Quint

PROCEDURE

The Committee on Budgets appointed Catherine Guy-Quint draftsman at its meeting of 20 March 2003.

It considered the draft opinion at its meeting of 2 October 2003.

At that meeting it adopted the following suggestions unanimously.

The following were present for the vote: Terence Wynn (chairman), Franz Turchi (vice-chairman), Catherine Guy-Quint (draftsman), Joan Colom i Naval, Den Dover, Bárbara Dührkop Dührkop, María Esther Herranz García, Jan Mulder, Juan Andrés Naranjo Escobar, Joaquim Piscarreta, Paul Rübig, Per Stenmarck and Ralf Walter.

CONCLUSIONS

The Committee on Budgets calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Considers that the Commission Green Paper on entrepreneurship in Europe forms part of the Lisbon Process and, as such, suggests avenues to explore and sketches out possible lines of action that can help the Union to achieve its ambition of becoming the world's most competitive knowledge-based economy by 2010;
2. Stresses that the Lisbon objectives must remain the leading priority of the Union's economic and social policies, particularly in the run-up to enlargement, and that it is therefore essential for the Member States to ensure that the EU budget contains the resources required to achieve these objectives;
3. Draws attention nonetheless to the importance which Parliament attaches to very small businesses and the craft trades and regrets that such undertakings are hardly mentioned in the Green Paper, which, furthermore, basically places the emphasis on start-ups or high-growth undertakings to the detriment of traditional sectors or family undertakings;
4. Stresses that very small businesses and the craft trades, which account for more than 90% of European undertakings, are a source of both jobs and innovation and therefore make an active contribution to meeting the Lisbon objectives; considers that entrepreneurs of this kind deserve special attention from the Commission, given their importance to the stability of the socio-economic fabric and employment and the considerable risks they are obliged to take to set up and remain in business;
5. Regrets that the Green Paper only partly incorporates the advances made in the European Charter for Small Enterprises;

Short-term considerations

6. Stresses that the budget headings relating to the Lisbon Process must be properly implemented if the process is to be implemented on schedule;
7. Notes that implementation of these budget headings is, in volume terms, acceptable, with the exception of research policy (36% as at 31 July 2003), against which there is, furthermore, a significant level of outstanding commitments, equivalent to 185% of the budget allocated to the policy;
8. Expresses concern, nonetheless, about budget implementation in qualitative terms, particularly in connection with very small businesses and the craft trades, for which the Commission appears to be having difficulties in finding appropriate transfer mechanisms, particularly as regards access to EIB/EIF funding for investment in standards compliance, the environment and new technologies;
9. Draws attention to Parliament's request to the Commission to introduce a 'think small

first' policy, which should form the priority basis for the action plan that is to follow on from the Green Paper; calls for this action plan to take due account of the ten lines of action set out in the European Charter for Small Enterprises;

10. Calls on the Commission to ensure that the budget implementation rate for Lisbon Process policies, with particular reference to measures for very small businesses and the craft trades, remains high;
11. Considers in this connection that the current financial framework already contains the instruments required to muster additional resources, even at short notice, and that the Commission anyway has considerable budgetary firepower at its disposal in financial perspective heading 3, most of which relates to Lisbon Process policies;

Longer-term considerations

12. Considers that measures to promote entrepreneurship and support very small and small and medium-sized enterprises and, in general, all of the Lisbon objectives (knowledge economy, sustainable growth, quality jobs and social cohesion) should play a prominent role in the post-2006 financial framework; calls as of now on the Commission to take account of these factors, to which Parliament will pay extremely close attention during the preparations for the discussions on the next EU financial framework.

Special measures supporting the SMEs as proposed by the European Parliament

(in MioEuros)

Title Chapter Article Item	Heading	FP	Outturn 2002		Budget 2003		PDB 2004		EP 1R 2004		Previous nomenclature
			Comm.	Paym.	CA	PA	CA	PA	CA	PA	

01 04 FINANCIAL OPERATIONS AND INSTRUMENTS

01 04 05	Programme for enterprises — improvement of the financial environment for SMEs	3	74,915	24,479	71,000	27,700	71,000	33,000	91,000		B5-511
----------	---	---	--------	--------	--------	--------	--------	--------	--------	--	--------

02 02 ENCOURAGING ENTREPRENEURSHIP

02 02 03	Programme for enterprise and entrepreneurship, particularly for SMEs	3	14,561	14,295	24,795	24,000	20,850	26,500			B5-510
02 02 03 01	Preparatory action								6,000	2,000	
02 02 05	Enlargement programme for SMEs	3			8,000	6,000	p.m.	2,000	p.m.	2,000	B5-514

08 08 SPECIFIC MEASURES COVERING A WIDER FIELD OF RESEARCH

08 08 01 02	Horizontal research activities involving SME's	3			98,000	14,000	111,500	75,300			B6-6182
-------------	--	---	--	--	--------	--------	---------	--------	--	--	---------