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REPORT

on the proposal for a Council decision on a Multiannual Programme for
Enterprise and Entrepreneurship (2001-2005)
(COM(2000) 256 – C5-0274/2000 – 2000/0107(CNS))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Elizabeth Montfort

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

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PROCEDURAL PAGE

By letter of 5 June 2000 the Council consulted Parliament, pursuant to Article 157(3) of the EC Treaty , on the proposal for a Council decision on a Multiannual Programme for Enterprise and Entrepreneurship (2001-2005) (COM(2000) 256 - 2000/0107 (CNS)).

At the sitting of 13 June 2000 the President of Parliament announced that she had referred this proposal to the Committee on Industry, External Trade, Research and Energy as the committee responsible and the Committee on Budgets and the Committee on Legal Affairs and the Internal Market for their opinions (C5-0274/2000).

The Committee on Industry, External Trade, Research and Energy had appointed Elizabeth Montfort rapporteur at its meeting of 25 May 2000.

The committee considered the Commission proposal and draft report at its meetings of 22 June, 12 July, 12 September and 3 October 2000.

At the last meeting it adopted the draft legislative resolution by 41 votes to 0 with 2 abstentions.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Renato Brunetta and Peter Michael Mombaur, vice-chairmen, Elizabeth Montfort, rapporteur; Maria del Pilar Ayuso González (for Concepció Ferrer), Eduard Beysen (for Nicholas Clegg), Guido Bodrato, Yves Butel, Massimo Carraro, Gérard Caudron, Joan Colom i Naval (for Harlem Désir, pursuant to Rule 153(2)), Dorette Corbey (for Mechtild Rothe), Claude J.-M.J. Desama, Christos Folias, Glyn Ford, Pat the Cope Gallagher, Norbert Glante, Lisbeth Grönfelt Bergman (for W.G. van Velzen), Philippe A.R. Herzog, Hans Karlsson, Werner Langen, Rolf Linkohr, Caroline Lucas, Eryl Margaret McNally, Marjo Tuulevi Matikainen-Kallström, Angelika Niebler, Hervé Novelli (for Michel Hansenne), Yves Piétrasanta, Elly Plooi-j-van Gorsel, John Purvis, Godelieve Quisthoudt-Rowohl, Alexander Radwan (for Umberto Scapagnini), Christian Foldberg Røvsing, Paul Rübig, Ilka Schröder, Konrad K. Schwaiger, Esko Olavi Seppänen, Helle Thorning-Schmidt (for Myrsini Zorba), Jaime Valdivielso de Cué, Elena Valenciano Martínez-Orozco, Alejo Vidal-Quadras Roca, Dominique Vlasto and Anders Wijkman.

The opinion of the Committee on Budgets is attached; the Committee on Committee on Legal Affairs and the Internal Market decided on 12 July 2000 not to deliver an opinion.

The report was tabled on 4 October 2000.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

LEGISLATIVE PROPOSAL

Proposal for a Council decision on a Multiannual Programme for Enterprise and Entrepreneurship (2001-2005) (COM(2000) 256 – C5-0274/2000 – 2000/0107(CNS))

The proposal is amended as follows:

Text proposed by the Commission ¹	Amendments by Parliament
<hr/>	
(Amendment 1)	
Title	
Proposal for a Council Decision on a Multiannual Programme for Enterprise and Entrepreneurship (2001-2005)	Proposal for a Council Decision on a Multiannual Programme for Enterprise and Entrepreneurship, <i>particularly for Small and Medium-sized Enterprises</i> (2001-2005)

Justification:

The programme represents a continuation of the third multiannual programme for small and medium-sized enterprises. For reasons of policy and for the sake of continuity with the existing structure, the title should retain the SME dimension, since SMEs account for 98% of the enterprises in the EU.

(Amendment 2) Recital 1a (new)

1a. The Lisbon and Feira European Councils stressed the importance of giving fresh impetus to Europe's economy against the background of the new economy based on knowledge and new technologies to enable Europe to achieve a very high level of performance;

Justification:

These changes are designed to highlight and spell out the conclusions of the European Councils concerned.

¹ Not yet published in the Official Journal

(Amendment 3)
Recital 1b (new)

(1b) The purpose of the 4th Multiannual Programme must be to promote economic growth, full employment and social cohesion.

(Amendment 4)
Recital 1c (new)

1c. Union action to assist SMEs must take account of the objectives laid down in the Charter for Small Enterprises adopted by the Feira European Council,

Justification:

The programme must take into account the European Charter for Small Enterprises, as advocated by the Heads of State and Government.

(Amendment 5)
Recital 1d (new)

(1d) In order to create a favourable climate for businesses, including small and micro-enterprises, the obstacles hindering completion of the internal market should be systematically removed.

(Amendment 6)
Recital 1e (new)

(1e) It is essential to reduce bureaucracy to a minimum.

(Amendment 7)

Recital 2

(2) Small and Medium-sized enterprises (SMEs) make a significant contribution in terms of competitiveness, research, innovation and employment *and face particular problems*;

(2) Small and Medium-sized enterprises (SMEs), ***micro-enterprises and the craft sector*** make a significant contribution in terms of competitiveness, research, innovation.

They also represent the main source of job creation in terms of both quantity and quality. However diverse they may be, and this is particularly true of enterprises in the third sector, they thus play a crucial role in strengthening social cohesion and regional development. It is therefore urgent to eliminate the many obstacles to their development.

Justification:

Emphasis should be placed on the role played by SMEs, micro-enterprises and the craft sector in creating jobs. On the basis of this undeniable fact, it must be recognised that the long-standing obstacles we have constantly condemned must be eliminated. This must be one of the priorities for this new programme. Mention should also be made of alternative economy enterprises, for which a pilot project was pursued during the period 1997 to 2000 and for which Parliament adopted a specific budget line (B5-5020 in the 1997 budget).

(Amendment 8)
Recital 2a (new)

(2a) The problems of SMEs and craft enterprises are regionally specific, which necessitates adaptation to requirements locally. It would therefore make sense to revise the arrangements concerning the de minimis rule. It would be a good idea to raise the balance-sheet total, as high capital investment is often needed in innovative small and medium-sized firms. The group exemption for SME aid should likewise be revised and its scope widened.

(Amendment 9)
Recital 2b (new)

2b. The multiannual programme for SMEs must promote equal access to the internal market for all enterprises, taking account of their potential for growth and employment in the context of the global economy;

Justification:

For SMEs, micro-enterprises and craft enterprises, a single market has not yet been achieved because of fiscal, social, administrative and regulatory disparities.

(Amendment 10)
Recital 2 c (new)

2c. The European Commission and Member States should encourage industry sectors to adopt 'best practice' networks and where appropriate the sharing of pre-competitive research in new product and process technologies.

(Amendment 11)
Recital 2d (new)

(2d) The Commission ought to take initiatives in logistics and information technology to facilitate access by SMEs to the new e-economy and e-market;

Justification:

SMEs have difficulty in gaining access to the new e-economy and electronic platforms. Actions to support their efforts in this direction are very important.

(Amendment 12)
Recital 2e (new)

2e. The multiannual programme for SMEs must promote measures targeted at specific groups such as women, young people and sectors of the social economy;

Justification:

Explicit reference should be made to groups of this kind and they should be given assistance as part of efforts to encourage and promote a spirit of enterprise and the setting-up of businesses.

(Amendment 13)
Recital 3a (new)

(3a) Any promotion and information policy targeted at SMEs and craft enterprises must be geared to the level of knowledge of such businesses in order to ensure the necessary transparency and effective use by SMEs and craft enterprises.

(Amendment 14)
Recital 3b (new)

(3b) In this connection, the work of Euro-info Centres (EICs), as central points of contact, will be indispensable for SMEs and craft businesses. They provide an interface between the range of funding available and the specific needs of SMEs and craft enterprises. Budget cuts must not affect the work of the EICs.

(Amendment 15)
Recital 5

(5) On 9 November 1999, the Council approved a report on *the integration of sustainable development and enterprise policy in the European Union*.

(5) On 9 November 1999, the Council approved a report on *integrating sustainable development into the industry policy of the European Union. The Commission should therefore ensure that environmental objectives are taken into account when framing and implementing the measures to be adopted under this programme*.

Justification:

The aim is to correct an error in the text of the proposal for a decision and spell out the conclusions which the Commission should draw from the report in question.

(Amendment 16)
Recital 5a (new)

(5a) On 20 June 2000 the Council adopted the European Charter for Small Enterprises and requested that its full implementation should be included in the proposals for the Multiannual Programme for Enterprise and Entrepreneurship.

Justification:

The European Charter for Small Enterprises must be taken into account in the Council Decision on the multiannual programme.

(Amendment 17)
Recital 6a (new)

(6a) The objectives of the multiannual

programme are more effectively served by a small number of assistance programmes than by a large number of micro-programmes.

(Amendment 18)
Recital 6b (new)

(6b) SMEs often have difficulty in obtaining satisfactory access to the new e-economy and electronic platforms. Actions to support efforts in this direction are of great added value;

Justification:

The targets of Enterprise Europe require, inter alia, a radical shift in European thinking and attitudes towards entrepreneurship in order to bridge the gulf between these views and the more effective attitudes adopted in other parts of the world towards risk and failure. One possible way of achieving this change in attitude is the use of the mass media.

(Amendment 19)
Recital 7a (new)

(7a) The Commission will strive to promote training in entrepreneurship at all levels of society. It will promote the enterprise culture among young people, parents, teachers and in the areas of initial and lifelong training, while providing for individual monitoring. This should be done through close cooperation with educational establishments, training bodies and all bodies working to promote training.

Justification:

Training in entrepreneurship should extend to society as a whole, but should be adjusted to take account of factors such as sectors of activity, category of persons, etc.

Enterprise culture should be developed and encouraged, but continuity is needed from the logistical and social point of view.

Emphasis should be placed on the need for cooperation between the Commission and those involved in the training sector, though without drawing up an exhaustive list.

(Amendment 20)

Recital 7b (new)

(7b) The Commission will strive to give greater encouragement to innovatory initiatives and practices by regularly holding events designed to promote and reward the most deserving efforts.

Justification:

It is important to encourage competitiveness among European enterprises. The different formulas already existing should be encouraged and developed so as to create an optimum network of European enterprises and promote the most successful of them as models for the development of others.

(Amendment 21)

Recital 11a (new)

11a. The Commission will ensure that implementation of the programme is coordinated with that of the Fifth Framework Programme for Research and Technological Development, the European research area and with any other measure already launched by the Commission and any other programmes and actions for enterprises subsequently submitted. The Commission's aim is to make it easier for enterprises to take part in and benefit from these programmes.

Justification:

Coordination of the programme with the Fifth Framework Programme for Research and with other programmes is vital to encourage innovation in all sectors, including traditional sectors, and to reduce spending by avoiding duplication.

(Amendment 22)
Recital 11b (new)

(11b) On the basis of the special characteristics and needs of small and micro-enterprises and the craft sector, the multiannual programme will make provision for actions specially tailored for them;

Justification:

Although the Commission's use of a horizontal approach is laudable, small and micro-enterprises and the craft sector have special characteristics and problems, and in order to accommodate these more easily special actions need to be set up for them.

(Amendment 23)
Recital 11c (new)

(11c) The Commission's Directorate-General for Enterprise must focus its work on SMEs and craft enterprises. The Commission should also set up a watchdog to monitor whether European legislation serves the needs of SMEs.

(Amendment 24)
Recital 11d (new)

(11d) Regarding the internal market, the Commission should examine the possible advantages and added value which could accrue to Enterprise Europe through the drafting of a European Contractual Law.

Justification:

Currently many directives, Community regulations etc. consist of a balance found in each country regarding contractual relationships between companies, or companies and consumers. For example the directive on guarantees on consumer goods which affects the balance found regarding contractual responsibility in many countries. It would be useful to

the Internal Market to examine if the case for a Community law is necessary and justified.

(Amendment 25)
Recital 14a (new)

(14a) Networks and business support services, such as chambers of commerce and trade associations, must coordinate their activities. They must, like the Member States, take part in the BEST process. In order to ensure that a representative picture is obtained in the Member States, regional as well as national bodies need to be involved. The statistical surveys needed for the multiannual programme must not result in an additional burden on SMEs and craft enterprises.

(Amendment 26)
Recital 14b (new)

(14b) It must be ensured that there is more transparency and more electronic communication between the public authorities and the SME sector.

(Amendment 27)
Recital 14c (new)

(14c) Whereas, in the guidelines for the 2001 budget procedure, Parliament stressed the need to ensure the continuity of significant funding in favour of employment, and invited the Commission to concentrate further initiatives on measures to integrate micro-, small- and medium-sized enterprises (SMEs) in the information society in order to strengthen their competitiveness in an international environment.

Justification:

Parliament has traditionally seen SME loan guarantee arrangements as crucial to help create new jobs. During the 1997 budgetary procedure it earmarked EUR 450 million for the period 1998-2000 to help SMEs secure risk capital and encourage cross-border joint ventures. Some of the funding was to be used to set up a guarantee fund in conjunction with the European Investment Fund to cushion the risks taken by banking institutions which provide loans for SMEs.

Following the European Council Summit in Amsterdam and the Luxembourg Summit on employment, the Growth and Employment Initiative was adopted by the Council¹ in May 1998. In a recent report² which covers the period up until 31 December 1999, the Commission presents an evaluation of the first results concerning the measures of financial assistance offered to the SMEs under the Employment Initiative. The conclusions are clear: the three financial instruments (the ETF Start-up facility, the Joint European Venture scheme and the SME Guarantee facility) have been successful, and the level of activity indicates the growing interest of SMEs in these instruments. Therefore, they should be continued.

(Amendment 28)
Recital 14d (new)

(14d) Account must be taken of the approaching enlargement. Effective implementation of the acquis is necessary to ensure that enlargement produces a win-win situation for Member States and applicant countries alike.

(Amendment 29)
Recital 14e (new)

(14e) Intermediate organisations representing small and medium-sized enterprises and craft enterprises are able in the same way as chambers of commerce or industry and (inter-) professional and sectoral organisations to play an essential role in providing advice and assistance to enterprises; the Member States are urged to create conditions to encourage the development and strengthening of this

¹ Council Decision 98/347/CE of 19 May 1998 (measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) – the growth and employment initiative), OJ L 155, 29.05.1998, p. 43-52.

² Report from the Commission on the Growth and Employment Initiative: measures on financial assistance for innovative and job creating small- and medium sized enterprises (SMEs) as at 31 December 1999 (COM(2000) 266 of 12 May 2000).

sector.

Justification:

Better use should be made of the skills built up in this field by these various bodies.

(Amendment 30)

Recital 14f (new)

(14f) Whereas the Lisbon European Council asked in its conclusions on 23 and 24 March 2000 the Council and the Commission to report by the end of 2000 on the ongoing review of EIB and EIF financial instruments in order to redirect funding towards support for business start-ups, high-tech firms and micro-enterprises, as well as other risk-capital initiatives proposed by the EIB.

Justification:

It remains unclear why the Commission has not suggested the continuation of all of the three instruments provided by the Growth and Employment Initiative. The current proposal should be strengthened by increasing the financial instruments managed by the European Investment Fund (the SME guarantee facility, the ETF Start-up scheme and the Seed Capital action) and by including the Joint European Venture scheme into the Multiannual Programme. The JEV scheme should not be discarded before the Council and the Commission have presented their report on the EIB and EIF financial instruments used under the Employment Initiative.

(Amendment 31)

Recital 14g (new)

(14g) Implementation of enterprise policy and the European Charter for Small Enterprises would undoubtedly be improved by the direct participation of organisations representing the enterprises

concerned, otherwise the impact and value of enterprise policy for enterprises, and in particular small and craft enterprises, will not be as great.

Justification:

The expertise of these bodies should be taken into account when implementing the policy deriving from the Charter.

(Amendment 32)
Article 1

A program for Community policy for enterprise and entrepreneurship, ***in particular for*** small and medium-sized enterprises (SMEs), is adopted for a period of five years from 1 January 2001.

A program for Community policy for enterprise and entrepreneurship, ***based on the BEST procedure, paying special attention to the needs of*** small and medium-sized enterprises (SMEs) ***and craft enterprises***, is adopted for a period of five years from 1 January 2001.

Justification:

All enterprises, including micro-enterprises and craft enterprises, must be able to benefit from the programme.

(Amendment 33)
Article 2(1)(a)

a) To promote entrepreneurship as a valuable and productive life skill, based on customer orientation and a stronger culture of service;

a) To promote entrepreneurship, ***particularly to young people***, as a valuable and productive life skill, based on customer orientation and a stronger culture of service;

Justification:

Entrepreneurship in young people is one of the keystones of the EU's enterprise policy, since it is directly linked with targets for employment and the creation of an innovative enterprise environment.

(Amendment 34)
Article 2(1)(b)

b) To encourage *a favourable climate* that takes account of sustainable development, and in which research, innovation and entrepreneurship can flourish;

b) To encourage *an enterprise environment with a simplified regulatory structure* that takes account of sustainable development, and in which research, innovation and entrepreneurship can flourish;

Justification:

This new wording makes the objective clearer, and excessive regulatory and administrative provisions over-burden enterprises and the enterprise environment.

(Amendment 35)
Article 2(1) (ba) (new)

(ba) To promote a common innovation area, along the same lines as the common research area;

(Amendment 36)
Article 2(1)(c)

c) To improve the financial environment for SMEs;

c) To improve the financial environment for *SMEs, micro-enterprises and craft enterprises, by further improving their access in particular to risk capital, guarantee funds and any other aid*

Justification:

All enterprises, including micro-enterprises and craft enterprises, must be able to benefit from the programme in order to start up, invest in and develop their business.

(Amendment 37)
Article 2(1)(d)

d) To enhance the competitiveness of SMEs in the knowledge-based economy;

d) To enhance the competitiveness of *enterprises, SMEs, micro-enterprises and craft enterprises* in the knowledge-based economy, *as defined by the Lisbon European Council of 23 and 24 March 2000*

by specific sectoral programmes also including traditional activities and promoting access to new information and communications technologies;

Justification:

It is vital to stress that enterprises, whatever their size, must have access to new information and communications technologies as a prerequisite for enhancing their competitiveness.

(Amendment 38)
Article 2(1)(e)

e) *To ensure that* business support networks and services to enterprises *are provided and co-ordinated;*

e) *To improve access for enterprises to* business support networks and services, *as well as to the assistance and advice provided by intermediate economic and professional organisations as part of the BEST procedure;*

Justification:

These bodies have proven expertise in the field of analysis and monitoring and are able to identify best practices for the setting-up, transfer and development of enterprises.

(Amendment 39)
Article 2(1)(e)a (new)

e)a *To implement the principles and lines for action set out in the European Charter for Small Enterprises, targeting the above objectives and using additional measures, including those deriving from other Community programmes.*

Justification:

Emphasis should be placed on the need to combine the different Community programmes so

as to maximise the aid given to enterprises.

(Amendment 40)
Article 2(1)(ea) (new)

(ea) To help SME-SMIs to work together with local authorities in the interests of local development.

(Amendment 41)
Article 2(2)

2. Concerted actions and benchmarking will be used in support of the objectives listed in Article 2(1).

2. Concerted actions and benchmarking will be used in support of the objectives listed in Article 2(1), ***and in all the legal, financial or economic measures which have an effect on business competitiveness. With a view to maximising the benefits of the BEST procedure, a results table should be set up and the information provided should be widely publicised.***

Justification:

Setting up a results table will provide increased clarity to the results produced by the BEST procedure. Publicising the information will maximise the success of the procedure.

(Amendment 42)
Article 2.(2a) (new)

(2a) However, SME support policies that interfere with market operation or support uncommercial projects will be discouraged.

(Amendment 43)
Article 2(2b) (new)

(2b) In addition to coordination with other programmes, the 4th Multiannual Programme must be dovetailed with national assistance structures, in keeping with the subsidiarity principle. Accordingly, efforts must be made to determine the sectors where European measures are likely to yield genuine European value added and the activities in respect of which, with a view to implementation at SME level, national or regional assistance schemes should be used, e.g. owing to country-specific features or rules.

(Amendment 44)
Article 2 (2c) (new)

(2c) The programme will extend the three financial instruments used under the Growth and Employment Initiative¹.

Justification:

See justification under amendments 26 and 29.

(Amendment 45)
Article 2 (2d) (new)

2d. The programme will strengthen loan guarantees and risk capital mechanisms so as to facilitate the establishment of small- and micro-sized enterprises. The Commission will ensure that funds allocated through the financial instruments are made available to the recipient SMEs without unnecessary delays.

Justification:

The modifications in the breakdown of expenditure would entail an increase of EUR 35,8 million for the Multiannual Programme. The total expenditure of EUR 595,55 million would reduce the ratio of administrative costs to 7.1% compared to 18.4% suggested in the

¹ Council Decision 98/347/CE of 19 May 1998 43-52.

Commission's proposal. This amount will be used as a financial reference¹, which has been a subject of an agreement pursuant to the conciliation procedure provided for in the Joint Declaration of 4 March 1975.

The increase of appropriations for the Multiannual Programme would give an annual breakdown of EUR 119,11 million, which is clearly less than the EUR 150 million per year that the Parliament earmarked for the Employment Initiative for the period 1998-2000.

(Amendment 46)
Article 2(2e) (new)

(2e) The programme will give priority to women and young entrepreneurs and the craft sector.

Justification:

Women, young entrepreneurs and the craft sector should be included in the specific actions to be determined within the objectives of the Programme.

(Amendment 47)
Article 3(1)

1. Measures for the implementation, under this programme, of the objectives listed in Article 2 will be adopted in accordance with the provisions set out in Article 4.

1. Measures for the implementation, under this programme, of the objectives listed in Article 2 will be adopted in accordance with the provisions set out in Article 4, ***after consulting organisations representing SMEs, micro-enterprises and craft enterprises.***

Justification:

Measures decided on in this way will benefit from the opinions expressed by bodies representing enterprises, with due regard for differences of opinion.

(Amendment 48)

¹ Article 34 of the Interinstitutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure, OJ C 172, 18.06.1999.

2. With reference to the European Statistical System, statistical work and analysis for the implementation of the programme and the dissemination of the results of activities will be undertaken by the Commission, under its own responsibility.

Deleted

Justification:

It is difficult to see why the Commission should automatically decide on statistical studies and analyses without consulting national and local authorities and the EIC, thus using a procedure different from that provided for in paragraph 1 for all other decisions concerning the multiannual programme. This is particularly important given the adequate, if not excessive, number of studies and analyses available at national, local and Community level.

(Amendment 49)

Article 4

1. The Commission will be assisted by a committee composed of representatives of the Member States and chaired by a representative of the Commission.
2. Where reference is made to this paragraph, the management procedure laid down in Article 4 of Decision 1999/468/EC shall apply, in compliance with Article 7(3) thereof.
3. The period provided for in Article 4(3) of Decision 1999/468/EC shall be three months.
4. Representatives of the candidate countries that participate in the Multiannual Programme, in accordance with the agreed procedures, will be observers to the committee.

1. The Commission will be assisted by an **advisory** committee composed of representatives of the Member States, **EEA and candidate countries, as well as technical experts from SMEs**, and chaired by a representative of the Commission.
2. The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time-limit of three months.
3. The opinion shall be recorded in the minutes; in addition, each Member State shall have the right to ask to have its position recorded in the minutes.
4. Representatives of the candidate countries that participate in the Multiannual Programme, in accordance with the agreed procedures, will be observers to the committee.
5. The Commission shall take the utmost account of the opinion delivered by the committee. It shall inform the committee of

the manner in which the opinion has been taken into account.

6. The European Parliament shall be informed by the Commission of committee proceedings on a regular basis.

Justification:

Articles dealing with commitology should follow the model stated in Article 3 of Council Decision 1999/468/EC of 28 June 1999.

(Amendment 50)
Article 5(2a) (new)

(2a). The Commission will submit to the European Parliament and the Council, no later than the end of December 2004 an evaluation report on the implementation of the programme. This report will among other things consider whether the objectives of the programmes have been achieved, in terms of concrete results in creating a better enterprise environment and not in terms of budget spent.

Justification:

The European Parliament would like the European Commission to submit an evaluation report to the European Parliament and the Council, by December 2004 at the latest. This report should concentrate on an evaluation of the concrete results obtained for each of the programme's objectives rather than on an evaluation in terms of the budget deployed. The concrete results of public policies and their impact on the competitiveness of enterprises should also be evaluated via the benchmarking exercise recently initiated by the Lisbon European Council. On the basis of its experience with benchmarking, the European Parliament recommends that the choice of indicators should also be consistent with the evaluation of the content of the programme and the instruments defined in this programme.

(Amendment 51)
Article 5(2a) (new)

(2a) In accordance with the guidelines laid down in the European Charter for

Small Enterprises, the Commission shall submit to the Council an assessment report on the implementation of the multiannual programme in the context of the Charter before each spring summit. The report shall be forwarded to Parliament and the Economic and Social Committee.

Justification:

As well as evaluating the programme, as provided for by this article, the Commission should report to Parliament each year on the implementation of the programme so that it can debate the matter and express a view on possible changes to be made to the programme during the further stages of its implementation in accordance with the European Charter for SMEs.

(Amendment 52)
Article 5(2b) (new)

(2b) The Commission will review at its earliest convenience, at the latest by the end of 2000, the functioning of existing networks supporting enterprises with a view to their better integration and streamlining. Based on this assessment, the indicative amounts contained for networks in the Multiannual Programme may be revised accordingly.

Justification:

The Commission's proposal suggests that some of the existing networks supporting enterprises (Euro Info Centres, BC-Net, BRE, Business and Innovation Centres, and Innovation Relay Centres) overlap each other and that the proposal is not based on realistic estimates.

(Amendment 53)
Annex I, point 3, paragraph 6 (new)

6. Action will be taken, together with organisations representing small enterprises and craft enterprises, to identify the specific needs of small enterprises and develop appropriate

tools, such as mutual guarantees, and to adapt existing tools, such as those of the EIB, to their needs.

Justification:

In attempting to facilitate access to funding, the EIB's role needs to be clarified, particularly after its reorganisation, if the best possible use is to be made of resources already allocated to this objective.

(Amendment 54)

Annex I, point 5, Paragraph 1a (new)

1a. Together with the Member States and representative organisations, the Commission will endeavour to identify the simplification and support measures needed in order to better adapt cooperation and exchange instruments to the needs of enterprises.

Justification:

Greater simplification and cooperation are needed in order to encourage productive exchanges and the development of common projects among enterprises from the various Member States of the Union.

(Amendment 55)

Annex I, point 5, Paragraph 2a (new)

2a The Commission undertakes to support the NORMAPME initiative, particularly as regards the importance to be given to strengthening policies on quality and standardisation in enterprises and in particular in small

and craft enterprises.

Justification:

The Commission must take the opportunity to give its wholehearted support to this programme, which will provide easier access to the possibilities offered by the introduction of the single market.

(Amendment 56)
Annex I, point 6a (new)

6a. The Commission will coordinate the action plans drawn up jointly by the Member States and organisations representing small and craft enterprises, in the context of the implementation of the European Charter for Small Enterprises.

Justification:

The Charter will be most effective if the Commission is able to coordinate in a coherent manner the action plans geared to their specific national needs drawn up by the Member States.

(Amendment 57)
Annex III (new)

Annex III
EUROPEAN CHARTER FOR
SMALL ENTERPRISES

Small enterprises are the backbone of the European economy. They are a key source of jobs and a breeding ground for business ideas. Europe's efforts to usher in the new economy will succeed only if small business

is brought to the top of the agenda.

Small enterprises are the most sensitive of all to changes in the business environment. They are the first to suffer if weighed down with excessive bureaucracy. And they are the first to flourish from initiatives to cut red tape and reward success.

At Lisbon we set the goal for the European Union to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, more and better jobs and greater social cohesion.

Small enterprises must be considered as a main driver for innovation, employment as well as social and local integration in Europe.

The best possible environment for small business and entrepreneurship needs therefore to be created.

Principles

In urging for this, we

- *Acknowledge the dynamic capacities of small enterprises in answering to new market needs and in providing jobs;*
- *Stress the importance of small enterprises in fostering social and regional development, while behaving as examples of initiative and commitment;*
- *Recognise entrepreneurship as a valuable and productive life skill, at all levels of responsibility;*
- *Applaud successful enterprise, which deserves to be fairly rewarded;*
- *Consider that some failure is concomitant with responsible initiative and risk-taking and must be mainly envisaged as a learning opportunity;*
- *Recognise the values of knowledge, commitment and flexibility in the new economy.*

The situation of small business in the European Union can be improved by action to stimulate entrepreneurship, to evaluate existing measures, and when necessary, to make them small-business-friendly, and to ensure that policy-makers take due consideration of small business needs. To

this end, we pledge ourselves to:

- *Strengthen the spirit of innovation and entrepreneurship which enables European business to face the challenges ahead;*
- *Achieve a regulatory, fiscal and administrative framework conducive to entrepreneurial activity and improve the status of entrepreneurs;*
- *Ensure access to markets on the basis of the least burdensome requirements that are consistent with overriding public policy objectives;*
- *Facilitate access to the best research and technology;*
- *Improve access to finance throughout the entire life-cycle of an enterprise;*
- *Improve our performance continuously, so that the EU will offer the best environment for small business in the world;*
- *Listen to the voice of small business;*
- *Promote top-class small business support.*

Lines for action

By endorsing this Charter, we commit ourselves to work along the following lines for action, taking due consideration of small business needs.

1. Education and training for entrepreneurship

Europe will nurture entrepreneurial spirit and new skills from an earlier age. General knowledge about business and entrepreneurship needs to be taught at all school levels. Specific business-related modules should be made an essential ingredient of education schemes at secondary level and at colleges and universities.

We will encourage and promote youngsters' entrepreneurial endeavours, and develop appropriate training schemes for managers in small enterprises.

2. Cheaper and faster start-up

The costs of companies' start-up should evolve towards the most competitive in the world. Countries with the longest delays and most burdensome procedures for approving new companies should be

encouraged to catch up with the fastest. Online access for registration should be increased.

3. Better legislation and regulation
National bankruptcy laws should be assessed in the light of good practice. The learning from benchmarking exercises should lead us to the improvement of current practices in the EU.

New regulations at national and Community level should be screened to assess their impact on small enterprises and entrepreneurs. Wherever possible, national and EC rules should be simplified.

Governments should adopt user-friendly administrative documents.

Small enterprises could be exempted from certain regulatory obligations. In this context, the Commission could simplify competition legislation to reduce the burden of compliance for small business.

4. Availability of skills

We shall endeavour to ensure that training institutions, complemented by in-house training schemes, deliver an adequate supply of skills adapted to the needs of small business, and provide lifetime training and consultancy.

5. Improving online access

Public authorities should be urged to increase their electronic communication with the small business sector. Thus, companies will be able to receive advice, make applications, file tax returns or obtain simple information online, therefore faster and more cheaply. The Commission must lead by example in this area.

6. More out of the Single Market

Small businesses are feeling the benefits from the reforms underway of Europe's economy. The Commission and Member States must therefore pursue the reforms underway aiming at the completion in the Union of a true internal market, user-friendly for small business, in critical areas for development of small businesses including electronic commerce, telecommunications, utilities, public procurement and cross-border payment

systems.

At the same time, European and national competition rules should be vigorously applied to make sure that small businesses have every chance to enter new markets and compete on fair terms.

7. Taxation and financial matters

Tax systems should be adapted to reward success, encourage start-ups, favour small business expansion and job creation, and facilitate the creation and the succession in small enterprises. Member States should apply best practice to taxation and to personal performance incentives.

Entrepreneurs need finance to translate ambitions into reality. In order to improve the access of small enterprises to financial services, we will:

- Identify and remove barriers to the creation of a pan-European capital market and to the implementation of the Financial Services Action Plan and the Risk Capital Action Plan;*
- Improve the relationship between the banking system and small enterprises by creating appropriate access conditions to credit and to venture capital;*
- Improve the access to the structural funds and welcome initiatives by the European Investment Bank to increase funding available to start-ups and high-technology enterprises, including equity instruments.*

8. Strengthen the technological capacity of small enterprises

We will strengthen existing programmes aimed at promoting technology dissemination towards small enterprises as well as the capacity of small business to identify, select and adapt technologies.

We will foster technology co-operation and sharing among different company sizes and particularly between European small enterprises, develop more effective research programmes focussed on the commercial application of knowledge and technology, and develop and adapt quality and certification systems to small enterprises. It is important to ensure that a Community patent is available and easily accessible to

small enterprises.

We will foster the involvement of small enterprises in inter-firm co-operation, at local, national, European and international levels as well as the co-operation between small enterprises and higher education and research institutions.

Actions at national and regional levels aimed at developing inter-firm clusters and networks should therefore be supported, pan-European co-operation between small enterprises using information technologies enhanced, best practice in co-operative agreements spread, and small enterprises co-operation supported to improve their capabilities to enter pan-European markets and to extend their activities in third country markets.

9. Successful e-business models and top-class small business support

The Commission and Member States should encourage small enterprises to apply best practice and adopt successful business models that enable them to truly flourish in the new economy.

We will co-ordinate Member States and EU activity to create information and business support systems, networks and services which are easy to access and understand, and relevant to the needs of business; ensure EU-wide access to guidance and support from mentors and business angels, including through websites, and exploit the European Observatory on SMEs.

10. Develop stronger, more effective representation of small enterprises' interests at Union and national level

We will complete a review of how the interests of small businesses are represented at EU and national level, including through the social dialogue.

We commit ourselves to progress towards these goals using the open method of co-ordination of national enterprise policies.

The Multiannual Programme for Enterprise and Entrepreneurship, the Cardiff process on economic reforms, the Luxembourg process on employment policies and other Community programs

and initiatives will be used to this end. We will monitor and evaluate progress annually on the basis of a Commission report on the relevant issues at the Spring Summits.

We will use effective indicators to assess progress over time and in relation to the best in the world to reinforce our learning, searching for better practice in all fields that affect small business to continuously improve our performance.

Justification:

The programme must take account of the conclusions of the Feira European Council, in particular with regard to the promotion of small enterprises, and it should therefore incorporate the European Charter for Small Enterprises.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the proposal for a Council decision on a Multiannual Programme for Enterprise and Entrepreneurship (2001-2005) (COM(2000) 256 – C5-0274/2000 – 2000/0107(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2000)256¹),
 - having been consulted by the Council pursuant to Article(s) ... of the ... Treaty(-C5-0274/2000),
 - having regard to Rule 67 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.(A5-0267/2000),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 4. Calls for the conciliation procedure to be initiated should the Council intend to depart from the text approved by Parliament;
 5. Asks to be consulted again if the Council intends to amend the Commission proposal substantially;
 6. Instructs its President to forward its position to the Council and Commission.

¹ Not yet published in the Official Journal.

EXPLANATORY STATEMENT

INTRODUCTION

The definition of an SME varies from one Member State to another, and there is no agreed definition at Community level. For the purposes of granting Community aid, the EU applies operational criteria, on the basis of which an SME is an enterprise that has fewer than 500 employees, net fixed assets of less than 75 million, and of which a third of the capital is owned by a single company. Accordingly, over 99% of firms in the EU are regarded as SMEs and they employ most of the Union's workforce (66%). Generally, the accepted typology distinguishes between medium-sized enterprises (with between 50 and 250 staff), small enterprises (between 10 and 50 staff) and micro-enterprises (between 1 and 10 staff).

Traditionally, SMEs have been present in all branches of industry and throughout the service sector, and have proved to be at the core of job creation over recent decades. Consequently, in the overall context of European policy on enterprise and entrepreneurship, SMEs and craft enterprises are at the heart of Community enterprise policy.

BACKGROUND

Policy in favour of SMEs dates back to the first Community action programme, adopted in 1983 at the close of the European Parliament-designated European Year of SMEs and the craft sector.

The second action programme began in 1987, and was strengthened by the Council for the period 1993-1996. The programme was given a budget of EUR 112.2 million (Edinburgh European Council - European employment initiative).

In May 1994 the Commission adopted an integrated programme in favour of SMEs and the craft enterprises aimed at realising the objectives of the White Paper. The programme increased coordination between Community, national and regional initiatives in favour of SMEs, and proposed two types of measure, those aimed at encouraging consultation and coordination between the Member States, and those based on EU measures in the framework of enterprise policy.

The Third Multiannual Programme came into force at the beginning of 1997 and is due to expire at the end of 2000.

In 1999 the European Parliament adopted a highly favourable opinion on the integrated programme in favour of SMEs and craft enterprises, and called on the Commission to adopt measures to facilitate SMEs' access to the single market and to simplify their access to EU financial aid.

COMMENTS ON THE COMMISSION PROPOSAL FOR A COUNCIL DECISION

In the chapter entitled, 'Creating a friendly environment for starting up and developing innovative businesses, especially SMEs', the Lisbon European Council¹ of 23 and 24 March 2000 recognised the importance of SMEs, particularly their role as 'the main engines for job creation in Europe'. It also called for priority to be given to coordinating national policies rather than European initiatives which would be in addition to national measures.

More recently, the Feira summit² adopted the European Charter for Small Enterprises. The text formalises the commitment of the Heads of State and Government to certain principles, proclaimed on various occasions in the past, which recognise the importance of SMEs in the European economy in general, and for employment in particular. The 'lines for action' proposed by the Charter fall into ten categories and call for a solemn commitment to carrying them out. The European Parliament is invited to act accordingly.

The Commission views the Fourth Multiannual Programme for enterprise and entrepreneurship (2001-2005) as an essential element in achieving 'Enterprise Europe' by 2005, and in making the European Union the most competitive and dynamic knowledge-driven economy in the world.

Against this background, your rapporteur regrets that the Commission Communication on this Fourth Multiannual Programme (2001-2005) does not take into account different sectors of economic activity or the size of enterprises.

It is not clear what type of enterprise the programme is designed to target. In your rapporteur's view it should be aimed at all enterprises: SMEs, SMIs, craft enterprises and micro-enterprises and should cover all sectors of activity, including traditional sectors (a major source of new jobs), because bringing the latter into the knowledge-based economy raises far more problems than in the case of high-tech firms or start-ups which, by definition, come from this environment in the first place. Particular attention should be paid to firms in traditional sectors which would reap major benefits in terms of their development by assimilating new information and communications technologies.

In general terms, priority should be given to an approach that specifically addresses the needs of small and medium-sized enterprises, particularly in the area of advice on services and training.

Your rapporteur nonetheless welcomes the fact that the Commission and Council are pursuing an enterprise policy, and makes the following observations:

- 1) The text of the proposal would suggest that the Commission considers the single market to have been fully realised as far as small enterprises and craft enterprises are concerned. This is not the case. The objective of the 2001-2005 multiannual programme must therefore be to enable all enterprises, particularly small and micro-enterprises, to enjoy and reap the benefits of the advantages of the single market within the European Union. It is clear that innovation, e-commerce and exchanges of

¹ Presidency Conclusions, Lisbon European Council, 23-24 March 2000.

² Presidency Conclusions, Feira European Council, 21-22 June 2000.

experience can encourage better exchanges. Similarly, as the Charter recommends, SMEs and their representatives should participate in European standardisation and certification work (NORMAPME). The simplification of customs procedures and initiatives on standardisation are of particular importance for SMEs. However, differences in social, administrative and regulatory provisions are an obstacle to equal access for enterprises to the single market.

It is therefore necessary to step-up cooperation between Member States with regard to their social, administrative and regulatory policies and to invite the Member States to adjust their tax regimes to promote equal access to the single market for enterprises.

- 2) The entrepreneurship that the communication refers to under the heading of the 'new economy' is of crucial importance for SMEs. Enterprise plays a major social role in our societies. It influences regional development, especially in rural areas, where it helps to provide balance with urban areas. It helps to provide social cohesion, not only within the enterprise itself, but also outside it and within an area. It is for this reason that the enterprise culture and entrepreneurship are questions that concern the whole of society. Special attention must therefore be paid to the training both of young people, (in both secondary and further education), and of staff within firms, throughout the whole of their careers and to recognise the place of women in enterprises.
- 3) The programme takes a predominantly horizontal approach. However, in your rapporteur's opinion, measures tailored to the size of the firm and the sector in which it operates (food industry, construction, start-ups, etc.) are essential.
- 4) The Commission proposal identifies the tasks to be addressed, and suggests that the instruments of enterprise policy be developed using appropriate methods, first and foremost benchmarking and concerted actions (the BEST procedure).

The Commission should however examine - and make proposals - on the ways of disseminating the information obtained, and on how enterprises can convert statistics into a management tool.

Chambers of commerce and industry and professional bodies such as the Euro Info centres must participate in the BEST procedure alongside the Member States. They have demonstrated their capacity for monitoring and analysis and are able to identify best practice to encourage the setting-up and transfer of enterprises and their development and to define the guidelines for a long-awaited reform, based on appropriate fiscal provisions, a reduction in red tape and easier access to financing (including private or proximity capital).

- 5) The total amount of funding set aside for the programme is EUR 229.75 million for the period 1 January 2001 to 31 December 2005. In your rapporteur's view this is not sufficient to develop a real enterprise policy within the EU with a view to achieving the Commission's objectives, unless the Commission can show that as a result of the coordination introduced by this programme the redeployment of resources for enterprises will maximise the effectiveness of expenditure.
- 6) Future policy on guarantees will place more emphasis on risk capital, micro-credit and

SME loans (ICT), but will not include proximity capital. Measures are needed to encourage private banks to back ventures proposed by SMEs, including micro-enterprises and craft enterprises.

In this context, the rapporteur calls on Parliament to exercise the greatest possible vigilance as far as the modification of the ownership structure of the European Investment Fund and its possible implications for European SMEs are concerned; if the Commission is indeed making enterprise policy and entrepreneurship a priority, it should take this opportunity to send a clear signal by giving SMEs the necessary guarantees regarding access to credit.

In this area, it is also important to remember the professional and trade bodies which have their own structures and could cooperate with bodies at European and national level. In this respect, the chambers of commerce and industry are true intermediaries between the European Union and local enterprises: their actions - such as events, exchanges of experience and know-how, inter-regional partnerships - should be encouraged.

Aid to the various programmes should be continued. However, while Europartenariat is an instrument of regional policy, Interprise, with its sectoral focus, is better suited to the European Union's enterprise policy.

- 7) The role of the Euro Info centres in providing information and support to enterprises must be developed and enhanced. They are the EU's links to small enterprises. Their cooperation with chambers of commerce and industry means that they are well-placed to monitor the local economy. These centres can become genuine European enterprise support networks.
- 8) The Framework Programme for Research and Technological Development must increasingly target innovative SMEs. There must be the possibility of coordination between the Fourth Multiannual Programme for Enterprise and Entrepreneurship 2001-2005, the Fifth Framework Programme for research, the Sixth IDIT Programme and the European Research Area.
- 9) The programme must provide support for the network of Euro Info centres as an effective means of fostering partnership and as a focal point in the formation and consolidation of European networks. The role of the EIC network must be re-thought to ensure that it is increasingly taken into account by the Commission, enabling it to become the best possible source of information for SMEs and craft enterprises.
- 10) Finally, your rapporteur appeals for the continuation of measures aimed at all small enterprises and the craft sector, and hopes that the proposed measures contained in the final Council decision will respond to the needs of small enterprises and those in the craft enterprises, granting them political recognition at European and national level by means of the European Charter for Small Enterprises.
The most fragile enterprises must be given the opportunity to become part of the knowledge economy, so that all firms may achieve sustainable, high-quality and dynamic development.

20 July 2000

OPINION of the Committee on Budgets

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

on the proposal for a Council decision on a Multiannual Programme for Enterprise and Entrepreneurship (2001-2005)
(COM(2000) 256 – C5-0274/2000 – 2000/0107(CNS))

Draftsman: Francesco Turchi

PROCEDURE

The Committee on Budgets appointed Mr Francesco Turchi draftsman at its meeting of 5 and 6 June 2000.

It considered the draft opinion at its meeting of 18 July 2000.

At this meeting it adopted the amendments below.

The following were present for the vote: Terence Wynn chairman; Francesco Turchi draftsman; Herbert Bösch (for Göran Färm), Kathalijne Maria Buitenweg, Chantal Cauquil, Den Dover, James E.M. Elles, Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, Jutta D. Haug, Stephen Hughes (for Wilfried Kuckelkorn), Ulpu Iivari (for Paulo Casaca), Wolfgang Ilgenfritz, Anne Elisabet Jensen, Karin Jöns (for David W. Martin), Armin Laschet, John Joseph McCartin, Jan Mulder, Juan Andrés Naranjo Escobar, Giovanni Saverio Pittella, Dagmar Roth-Behrendt (for Constanze Angela Krehl pursuant to Rule 153(2)), Heide Rühle, Luciana Sbarbati, Esko Olavi Seppänen (for Francis Wurtz), Per Stenmarck, Kyösti Tapio Virrankoski, Ralf Walter.

BACKGROUND

In the guidelines for the 2001 budget procedure, the Parliament stressed the need to ensure the continuity of significant funding in favour of employment, complementing actions financed by the Structural Funds in this field. In addition, it invited the Commission to concentrate further initiatives on measures to ensure greater integration of micro-enterprises and SMEs into the Information Society in order to strengthen their competitiveness in an international environment.

The Lisbon European Council held on 23-24 March 2000 set a strategic goal for the European Union to become in the next decade the most competitive and dynamic knowledge-driven economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.

The Commission has now presented a proposal to establish a Multiannual Programme for enterprise and entrepreneurship, which covers the years 2001-2005. In its Communication related to the proposal, the Commission suggests that Europe should re-examine its attitude to risk, reward and failure. Enterprise policy should encourage policy initiatives that reward those who take risks. In addition, it should promote SME access to finance and encourage new innovative approaches.

The Multiannual Programme has five main objectives:

1. To promote entrepreneurship as a valuable and productive life skill, based on customer orientation and a stronger culture of service;
2. To encourage a regulatory and business environment that takes account of sustainable development, and in which research, innovation and entrepreneurship can flourish;
3. To improve the financial environment for SMEs;
4. To enhance the competitiveness of SMEs in the knowledge-based economy;
5. To ensure that business support networks and services to enterprises are provided and coordinated.

The Commission intends to make use of some of the experience acquired from the 3rd Multiannual Programme for SMEs (1997-2000), while concentrating on a more restricted number of headings. According to the Commission, the proposal will complement activities currently implemented under similar initiatives, such as the 5th Framework Programme for Research, Technological Development, the Programme for the promotion of innovation and encouragement of SME participation, the Strategy for Europe's Internal Market, and actions targeted at SMEs under the structural funds.

The Multiannual Programme will operate in more than 30 countries, covering the present EU Member States, the European Economic Area and the candidate countries. Regarding commitment, the Commission proposes to follow the management committee procedure, where the committee would comprise of representatives from the Member States as well as observers from candidate countries.

The Commission reminds that the needs of enterprises and entrepreneurship are constantly changing. In order to maintain the necessary flexibility of implementation, the Commission suggests that the selection of specific actions should be based on the opinion produced by the management committee. The adoption of a detailed annual programme would not exclude measures to be undertaken over a number of years.

Due to constraints in human resources, the Commission proposes to delegate the management of all of the financial instruments (the SME guarantee facility, the ETF Start-up scheme, the Seed Capital action and the ICT loan guarantee mechanism) to the European Investment Fund (EIF) and the European Investment Bank (EIB). In addition, it suggests that one of the three instruments implemented under the Growth and Employment Initiative¹, the Joint European Venture scheme, should be discontinued.

The Commission intends to present a mid-term review of the programme to the European Parliament and the Council before the end of June 2003. In addition, it will produce an evaluation of the implementation of the programme before the end of December 2004.

FINANCIAL IMPLICATIONS

According to the proposal, the Multiannual Programme would involve budget line B5-512 with total appropriations of EUR 229,75 million for the period 1 January 2001 – 31 December 2005. However, looking at the preliminary draft budget 2001 and the working document on sub-heading B5, it can be seen that, in fact, these expenses would be taken from budget lines B5-510 (Programme for enterprise and the entrepreneurship, in particular for the small and medium-sized enterprises) and B5-511 (Programme for enterprises: to improve the financial environment of the SMEs). All in all, the breakdown of chapter B5-51 is the following (EUR million):

	Commitment appropriations 2001	Payment appropriations 2001
B5-510	24,3	24,0
B5-510A	6,7	6,7
B5-511	24,0	6,0
B5-512	p.m.	55,0
Total B5-51	55,0	91,7

According to the Commission's ABB presentation of PDB 2001, an amount of EUR 24 million from budget line B5-511 would be used to improve the financial environment for SMEs (see third action in list of main objectives), whereas a total of EUR 31 million from budget lines B5-510 and B5-510A would be used to finance the remaining four actions. Unlike in the initial proposal, the PDB 2001 does not envisage any commitments for B5-512 but only payments (EUR 55 million).

Out of the EUR 24 million reserved for the third action, EUR 10 million would be used to assist

¹ Council Decision 98/347/EC of 19 May 1998 (measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) – the growth and employment initiative), OJ L 155, 29.05.1998, p. 43-52.

the integration of micro-enterprises into the information society, EUR 4 million would be reserved for capital actions, and the remaining EUR 10 million would be used to finance two out of the three instruments implemented under the Employment Initiative: the risk-capital scheme (ETF Start-up) and the SME guarantee facility (EUR 5 million each). According to Commission services, the idea behind this plan is to ensure that there is some continuity to the Employment Initiative, which is scheduled to end in 2000.

The Commission envisages that a total of EUR 42,25 million will be used for administrative expenditure, that is over 18% of total costs. Out of the annual EUR 6,7 million set for support expenditure, the Commission expects that EUR 6 million will be used by technical assistance offices (TAOs), whereas the remaining EUR 0,7 million would be spent to cover costs caused by meetings, studies and information activities. The remaining EUR 1,75 million per year would be used to cover the increase in other administrative expenditure (missions, meetings and conferences).

ASSESSMENT OF COMMISSION'S PROPOSAL

From a legal perspective, the Commission's proposal will simplify the procedures: instead of two legal bases used under the Growth and Employment Initiative, the new programme will have only one, split over two headings, B5-510 and B5-511.

On the other hand, the financial statement needs some clarifications. According to Article 3 of the Financial Regulation (paragraph 3 of Council Regulation 610/90), financial statements concerning multiannual operations should contain "the estimated schedule of annual requirements in appropriations and posts". The absence of quantitative indications in the financial statement regarding budget lines B5-510, B5-510A and B5-511 gives the impression that the proposal was modified at the very last minute, whereby the financial statement was not updated.

Similarly, the ratio of administrative expenditure (over 18%) compared to overall costs seems exaggerated at a time when the use of TAOs is being phased out, and taking into account that administrative costs have normally accounted to 5%–6% of total costs. Therefore, either administrative costs would have to be reduced or, alternatively, operational expenditure should be increased.

Furthermore, the Commission's proposal to review by the end of 2000 the functioning of the existing networks supporting enterprises (Euro Info Centres, BC-Net, BRE, Business and Innovation Centres, and Innovation Relay Centres) suggests that some of these networks may overlap each other and that the proposal is not based on realistic estimates.

The Commission suggests the use of the management procedure laid down in the Council Decision on commitmentology¹. The rapporteur takes the view that this would complicate unnecessarily the decision-making of the Commission and create extra costs without bringing any added-value to the programme. The Committee on Budgets has traditionally supported the advisory procedure, and there is no reason why this principle could not be applied here as well. However, the Commission should make sure that social partners (i.e. technical experts from

¹ Council Decision (1999/468/EC) of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, OJ L 184, 17.07.1999, p. 23-26.

SMEs and the craft sector) are represented in the Committee, and that their views and the opinion of participating EEA and candidate countries are taken properly into account.

One of the aims of the Parliament should be to strengthen the financial instruments provided under the Multiannual Programme without increasing administrative expenditure in the Commission. Consequently, the Multiannual Programme should put a greater emphasis on improving the financial environment for SMEs by strengthening loan guarantees and risk capital mechanisms so as to facilitate the establishment of small- and micro-sized enterprises. In order to achieve this, the budgetary authority should increase appropriations for the financial instruments managed by the European Investment Fund (the SME guarantee facility, the ETF Start-up scheme and the Seed Capital action). Last but not least, the financial instruments provided by the Employment Initiative should be continued and strengthened, especially as the first results referred to in the Commission's own report¹ have been encouraging. Therefore, it would be necessary to extend the Joint European Venture scheme (JEV) to support the establishment of transnational joint ventures between SMEs within the European Union.

¹ Report from the Commission on the Growth and Employment Initiative: measures on financial assistance for innovative and job creating small- and medium sized enterprises (SMEs) as at 31 December 1999 (COM(2000) 266 of 12 May 2000).

AMENDMENTS

The Committee on Budgets calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission ¹	Amendments by Parliament
<hr/>	
(Amendment 1) Recital 15 (new)	
	<i>(15) Whereas, in the guidelines for the 2001 budget procedure, the Parliament stressed the need to ensure the continuity of significant funding in favour of employment, and invited the Commission to concentrate further initiatives on measures to integrate micro-, small- and medium-sized enterprises (SMEs) in the information society in order to strengthen their competitiveness in an international environment.</i>

Justification:

The Parliament has traditionally seen SME loan guarantee arrangements as crucial to help create new jobs. During the 1997 budgetary procedure it earmarked EUR 450 million for the period 1998-2000 to help SMEs secure risk capital and encourage cross-border joint ventures. Some of the funding was to be used to set up a guarantee fund in conjunction with the European Investment Fund to cushion the risks taken by banking institutions which provide loans for SMEs.

Following the European Council Summit in Amsterdam and the Luxembourg Summit on employment, the Growth and Employment Initiative was adopted by the Council² in May 1998. In a recent report³ which covers the period up until 31st December 1999, the Commission presents an evaluation of the first results concerning the measures of financial assistance offered to the SMEs under the Employment Initiative. The conclusions are clear: the three financial instruments (the ETF Start-up facility, the Joint European Venture scheme and the SME Guarantee facility) have been successful, and the level of activity indicates the growing interest of SMEs in these instruments. Therefore, they should be continued.

¹ OJ (not yet published).

² Council Decision 98/347/CE of 19 May 1998 (measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) – the growth and employment initiative), OJ L 155, 29.05.1998, p. 43-52.

³ Report from the Commission on the Growth and Employment Initiative: measures on financial assistance for innovative and job creating small- and medium sized enterprises (SMEs) as at 31 December 1999 (COM(2000) 266 of 12 May 2000).

(Amendment 2)
Recital 16 (new)

(16) Whereas the Lisbon European Council asked in its conclusions on 23 and 24 March 2000 the Council and the Commission to report by the end of 2000 on the ongoing review of EIB and EIF financial instruments in order to redirect funding towards support for business start-ups, high-tech firms and micro-enterprises, as well as other risk-capital initiatives proposed by the EIB.

Justification:

It remains unclear why the Commission has not suggested the continuation of all of the three instruments provided by the Growth and Employment Initiative. The current proposal should be strengthened by increasing the financial instruments managed by the European Investment Fund (the SME guarantee facility, the ETF Start-up scheme and the Seed Capital action) and by including the Joint European Venture scheme into the Multiannual Programme. The JEV scheme should not be discarded before the Council and the Commission have presented their report on the EIB and EIF financial instruments used under the Employment Initiative.

(Amendment 3)
Article 2, paragraph 3 (new)

3. The programme will extend the three financial instruments used under the Growth and Employment Initiative¹.

Justification:

See justification under amendments 1 and 2.

(Amendment 4)
Article 2, paragraph 4 (new)

4. The programme will strengthen loan guarantees and risk capital mechanisms so as to facilitate the establishment of small- and micro-sized enterprises. The Commission will ensure that funds

¹ Council Decision 98/347/CE of 19 May 1998 (measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) – the growth and employment initiative), OJ L 155, 29.05.1998, p. 43-52.

allocated through the financial instruments are made available to the recipient SMEs without unnecessary delays.

Justification:

See justification under amendment 4.

(Amendment 5)
Article 2, paragraph 6 (new)

6. The programme will give priority to women and young entrepreneurs and the craft sector.

Justification:

Women, young entrepreneurs and the craft sector should be included in the specific actions to be determined within the objectives of the Programme.

(Amendment 6)
Article 4

1. The Commission will be assisted by a committee composed of representatives of the Member States and chaired by a representative of the Commission.
2. Where reference is made to this paragraph, the management procedure laid down in Article 4 of Decision 1999/468/EC shall apply, in compliance with Article 7(3) thereof.
3. The period provided for in Article 4(3) of Decision 1999/468/EC shall be three months.
4. Representatives of the candidate countries that participate in the Multiannual Programme, in accordance with the agreed procedures, will be observers to the committee.

1. The Commission will be assisted by ***an advisory*** committee composed of representatives of the Member States, ***EEA and candidate countries, as well as technical experts from SMEs***, and chaired by a representative of the Commission.
2. The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time-limit of three months.
3. The opinion shall be recorded in the minutes; in addition, each Member State shall have the right to ask to have its position recorded in the minutes.
4. Representatives of the candidate countries that participate in the Multiannual Programme, in accordance with the agreed procedures, will be observers to the committee.
5. The Commission shall take the utmost

account of the opinion delivered by the committee. It shall inform the committee of the manner in which the opinion has been taken into account.

6. The European Parliament shall be informed by the Commission of committee proceedings on a regular basis.

Justification:

Articles dealing with commitology should follow the model stated in Article 3 of Council Decision 1999/468/EC of 28 June 1999.

(Amendment 7)

Article 5, paragraph 3 (new)

3. The Commission will review at its earliest convenience, at the latest by the end of 2000, the functioning of existing networks supporting enterprises with a view to their better integration and streamlining. Based on this assessment, the indicative amounts contained for networks in the Multiannual Programme may be revised accordingly.

Justification:

The Commission's proposal suggests that some of the existing networks supporting enterprises (Euro Info Centres, BC-Net, BRE, Business and Innovation Centres, and Innovation Relay Centres) overlap each other and that the proposal is not based on realistic estimates.