

EUROPEAN PARLIAMENT

2004



2009

Committee on Employment and Social Affairs

2006/2138(INI)

20.9.2006

OPINION

of the Committee on Employment and Social Affairs

for the Committee on Industry, Research and Energy

on "Time to move up a gear - Creating a Europe of entrepreneurship and growth"
(2006/2138(INI))

Draftswoman: Patrizia Toia

PA_NonLeg

SUGGESTIONS

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

1. Reiterates that small and medium-sized enterprises (SMEs) play a fundamental role in the European economy and promote social stability and that SMEs are crucial for the delivery of stronger, more lasting growth, greater flexibility and the creation of more and better jobs and more training places; recalls, furthermore, that SMEs also ensure a vital link between producers and their local dimension, with a view to governing the phenomenon of production relocation, which often causes unemployment problems;
2. Takes the view in this connection that relocations of enterprises, which lead to job losses, should not be promoted by using Community funds;
3. Points out that the new Partnership for Growth and Employment underlines in particular the need to improve the environment for businesses by recognising and promoting existing types of industrial zones and clusters, among other things, under European programmes, and seriously taking into consideration their specific features, problems and expectations, and to provide them with the appropriate support, albeit not so much in the form of subsidies but rather by helping them to help themselves;
4. Points out that SMEs are the cornerstone of economic and social cohesion as they employ over 75 million people across the EU, contributing in some industry sectors to up to 80% of employment; stresses that the access of SMEs to research and development (R&D) facilities should be improved in order to boost economic growth and innovation, to create more skilled jobs and to comb unemployment, especially among young people; calls on the Commission to encourage the exchange of good practice between Member States on the setting up of enterprise clusters; in this context also stresses the importance of enhanced cooperation between SMEs and universities and (private) research institutes and of more and better investment in technological transfers as well as in training;
5. Considers it essential to boost the investment of SMEs in human capital in order to increase the employability of workers and to enhance productivity; recognises the need for training programmes and activities that are specifically aimed at the entrepreneurial activities of SMEs, including on-the-spot training;
6. Stresses the need to encourage SMEs that use environmentally friendly practices within the framework of corporate social responsibility and the European Strategy for Sustainable Development;
7. Stresses the importance of the decision taken to incorporate the principle of ‘priority for small and medium-sized enterprises’ (*think small first*) in all Community policies and calls for this criterion to be strictly and transparently observed, particularly given that 99% of undertakings in the European Union are SMEs; considers that ,in view of the role they play in terms of economic development and innovation, and the proportion of the market they represent, it is imperative that SMEs receive comprehensive support;

8. Acknowledges the great importance of information; points out, in fact, that SMEs are little and badly informed (or are informed in too general a manner) of the EU and its activities. SMEs rightly complain about this 'disinformation' and about some of the effects of EU policies, about which they have not been informed in good time. In this regard, stresses that an important role should be played by the European Information Centres (EICs), which have so far not managed to provide a service that lives up to the expectations and needs of European businesses, particularly because the vast majority of SMEs are not even aware of their existence;
9. Underlines that it is therefore important that the EIC network should be evaluated, improved and reorganised, with regard to both its operational efficiency and the efficiency of its action, in order to enable it to function in a more targeted and rapid manner. The EICs should be transformed into identifiable *one-stop trouble-shooting shops* for SMEs encountering obstacles in the internal market; EICs should become genuine mediators between SMEs and the Member States, approaching each problem by applying Community law as practically and pragmatically as possible; recognises that to achieve these objectives, EICs will require greater funding;
10. Calls on the Commission actively to promote the better visibility of EICs and underlines that all SMEs should have easy and free-of-charge access to the information, services and advice offered by EICs, whether or not they hold a membership of the organisations that carry out the EIC function; calls on the Commission to ensure that SME panels drawn up by the EICs include SMEs from outside the host organisation; considers that it vital that the Commission set ambitious targets to promote the use and visibility of EICs among all SMEs, not only the SMEs that are members of the host organisation;
11. Considers that efforts should be made to group together the networks that are operated by the European Union and geared to the needs of SMEs (for example, Euro-Info and Innovation-Relay Centres); considers that these establishments could, for example, be incorporated into the SME professional association;
12. Regards it as important to give a more prominent role not only to the provision of information, but also to the transfer of best practices, for SMEs and microenterprises; to that end, regards the teaching of business-related knowledge, including the knowledge needed for tendering procedures, as a priority area;
13. Considers it imperative, in connection with financing or business-related risks, for SMEs to receive comprehensive and reliable information on the possible forms of risk-sharing;
14. Takes the view that SMEs largely and disproportionately bear the weight of the obstacles, bureaucratic and otherwise, of the internal market; calls on the Commission further to dismantle these obstacles, considering it thus to be vital that the Commission, systematically and without delay, initiate infringement proceedings under Article 226 of the EC Treaty against any Member State that fails to fulfil one of its obligations under the EC Treaty, and in particular the provisions concerning the internal market, including those concerning the Common Customs Tariff, free movement of services and common taxation rules;
15. Realises the need to improve information about and access to infringement procedures for SMEs and asks the Commission to evaluate the way in which SMEs and large enterprises

as well as their relevant stakeholders have access to and use infringement procedures; asks the Commission to report the outcome of this evaluation to the Parliament;

16. Calls on the Commission to improve the access of SMEs and micro-enterprises to Community framework programmes and the Structural Funds, given the important role that these instruments play in many regions in the promotion of entrepreneurship and skills; asks the Commission to monitor and report to Parliament about the access of SMEs to Community funding; notes that the targets for participation of SMEs in the framework research programme have not been attained; calls on the Commission and Member States to ensure a higher participation of SMEs in Community programmes, to simplify the application procedures, to reduce the application costs, and to shorten waiting times; considers that, among the specific objectives to be set by the Commission, special priority should be given, *inter alia*, to the employment of workers with special needs, women, and the long-term unemployed. To this end, proposes that the programmes provide for special funding for the training of the above-mentioned, less-privileged categories of workers;
17. Points to the need to improve financing for SMEs and their access to capital, both to the Structural Funds and to capital flows working for their benefit, especially those which provide flexible microfinancing for RTD activities as well as for start-ups, businesses set up by women, or for family firms; also considers it necessary to develop those forms of aid making for proper enforcement of the increasingly more stringent environmental and social legislation;
18. Takes the view that in pursuing a policy for SMEs, the new approach must provide for initiatives and actions particularly aimed at strengthening newly established, family and women's enterprises, particularly if they are located in disadvantaged, mountainous, island or thinly populated regions of the EU;
19. Recalls that small enterprises suffer greatly from cumbersome red tape; welcomes the Commission's target to cut red tape in Europe by 25%, but urges prompt implementation and the swift design of a method to assess the cost and administrative consequences of EC legislation; stresses that the administrative burden placed on SMEs must be proportionate and necessary and that all EC legislation should be subject to an impact assessment, in line with the Interinstitutional Agreement on better lawmaking;
20. Points out that non-wage costs are one of the main obstacles facing one-man firms and that microenterprises, which often do not create any jobs because they are unable to meet the administrative requirements this would entail; recalls that Article 137(2)(b) of the EC Treaty provides that directives adopted in the area of social and worker protection "shall avoid imposing administrative, financial and legal constraints in a way which would hold back the creation and development of small and medium-sized undertakings"; calls on the Commission and the Council to exempt, when appropriate, such firms to a greater extent from certain requirements such as reporting and documentation obligations;
21. Is aware that cutting red tape is largely a matter for the Member States and encourages the Commission to do more to make Member States aware of the need for deregulation measures by pointing to examples of tried and tested procedures and comparison values;

22. Considers that the public-procurement market represents a unique opportunity for SMEs, and therefore calls on the Commission and the Member States to investigate the possibility, in the future, of allowing SMEs, in particular those active in the agricultural sector, to submit joint tenders;
23. Considers that a policy to support SMEs would encourage true cohesion and integration in the Union, also in view of the small size and the nature of European businesses, which are often family-run, as they help to create a favourable environment also for disadvantaged workers; therefore stresses that European legislation should pay due regard to SMEs' functions to guaranteeing livelihoods, preventing depopulation, strengthening the local community and relieving poverty; in future, therefore, in addition to economic legislation, common European guidelines need to be drawn up to help SMEs in their role of strengthening social cohesion; urges that, as part of these guidelines, particular support should be given to the creation and maintenance of microenterprises so as to promote the integration of groups suffering discrimination and disadvantage and of specific ethnic groups, and the re-integration of those who have been marginalised in society, in the interest of contributing towards the fight against poverty;
24. Appreciates the Commission's pursuit of dialogue and promotion of regular consultation with SMEs and their representative organisations, and calls for this method to be put into practice systematically by involving European enterprises, also through their trade associations, not only in the implementation of Community programmes but also in the development of those programmes; notes that the consultation process in its current form is problematic for SMEs as the eight-week time limit does not allow organisations representing SMEs time to gather views and submit them; asks the Commission urgently to review this constraint;
25. Calls on the Commission and the Member States to ensure stronger participation by the organisations representing SMEs in the European social dialogue; stresses the importance of making greater allowance for the distinctive features of SMEs in both the European and national social dialogues, which are presently modelled on the image of large companies and their employees; recalls that it is also important that Member States encourage SMEs to set up independent representative bodies;
26. Stresses the need, in order to increase employment and training places, to establish a better network uniting businesses around platforms for process and product innovation: such a network should be created by using measures which take account of the difficulty SMEs have in gaining access to credit and promotion programmes;
27. Maintains that all the measures in support of SMEs should be applicable to the self-employed, especially as regards the different forms of social security systems, and the benefits provided under them and the prevention of occupational hazards;
28. Recommends that the Member States endeavour, as far as possible, to create a legislative environment which guarantees flexibility of employment for SMEs without prejudice to social security aspects;
29. Points to the need to complete the internal market and calls on the Member States to help achieve that shared aim by encouraging free movement of workers;

30. Draws attention to the need to intensify cooperation among regions which share the same problems and challenges and, to that end, to encourage businesses based in such regions to form networks with a view to pursuing and coordinating the policies needed to meet their specific requirements;
31. Recalls that the drive to encourage entrepreneurship is vital, particularly in the face of demographic change whereby Europe will see a third of its entrepreneurs retire in the next ten years; calls on the Commission to facilitate good practice exchange between Member States in this area considering for example 'Silver-entrepreneurship' schemes for older people, how to better encourage young people to set up businesses, and the promotion of female entrepreneurs in particular, which may include looking at measures better to reconcile work and family life.

PROCEDURE

Title	"Time to move up a gear - Creating a Europe of entrepreneurship and growth"		
References	2006/2138(INI)		
Committee responsible	ITRE		
Opinion by Date announced in plenary	EMPL 15.6.2006		
Enhanced cooperation – date announced in plenary			
Drafts(wo)man Date appointed	Patrizia Toia 23.11.2005		
Previous drafts(wo)man			
Discussed in committee	22.6.2006	10.7.2006	12.9.2006
Date adopted	13.9.2006		
Result of final vote	: 40 –: 4 0: 0		
Members present for the final vote	Jan Andersson, Roselyne Bachelot-Narquin, Jean-Luc Bennahmias, Emine Bozkurt, Iles Braghetto, Philip Bushill-Matthews, Milan Cabrnach, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Luigi Cocilovo, Harald Ettl, Richard Falbr, Carlo Fatuzzo, Ilda Figueiredo, Joel Hasse Ferreira, Roger Helmer, Stephen Hughes, Karin Jöns, Jan Jerzy Kulakowski, Sepp Kusstatscher, Jean Lambert, Raymond Langendries, Bernard Lehideux, Elizabeth Lynne, Thomas Mann, Mario Mantovani, Jan Tadeusz Masiel, Maria Matsouka, Ria Oomen-Ruijten, Pier Antonio Panzeri, Jacek Protasiewicz, José Albino Silva Peneda, Jean Spautz, Anne Van Lancker, Gabriele Zimmer		
Substitute(s) present for the final vote	Mihael Brejc, Udo Bullmann, Françoise Castex, Jamila Madeira, Dimitrios Papadimoulis, Leopold Józef Rutowicz, Gabriele Stauner, Patrizia Toia		
Substitute(s) under Rule 178(2) present for the final vote	Bairbre de Brún		
Other Members (Art. 183.3)			
Comments (available in one language only)			