Risk capital markets and job creation: implementation of the action plan RCAP

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This communication reported on progress in the implementation of the Risk Capital Action Plan (RCAP) for the year 2000 and for early 2001. It was the third of this type since the adoption of the RCAP in 1998 and came at the midpoint of the RCAP which was due to be completed by 2003. The Commission stressed that the performance of the risk capital markets in Europe in 2000 had been spectacular, and more so in the seed and start-up phases which had, traditionally, been the weakest links of the financing cycle. The European industry had become not only bigger but also more sophisticated and better organised. Growth had been shared by all Member States even though important differences persisted, reflecting the presence of a fairly fragmented pan-European market. In spite of the strong development, when compared with the US, the size of the European market was still small, implying that Europe still had a long way to go. Many difficulties still subsisted in important areas such as the absence of an affordable single patent or the whole array of fiscal barriers, often of a discriminatory nature, with the potential to delay even further the establishment of a true single risk capital market. In the view of the Commission, the current difficulties (fall in stock markets, downturn in economic growth, events of 11 September), together with the wide gap with the US and the introduction in the near future of the Euro, should represent additional stimuli to reinforce efforts to complete the RCAP.