Risk capital markets and the job creation: action plan. Cardiff European Council 1998

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Improving access to the risk capital market for small firms has been identified by the European Council as a key means of encouraging job creation. In its response, presented to EU ministers at the Cardiff June Summit, the Commission singled out high-tech industries such as computing, telecoms and bio-technology, as important sectors in need of substantial investment for the potential of SMEs, to be realised. The commission is therefore putting forward as action plan for risk capital as the first step towards a pan-European risk capital market. In a draft resolution, submitted by Giorgos Katiforis (PES, Gr), the Economic and Monetary Committee, while welcoming the Commission's initiative, notes that the EU is somewhere behind the US in this area, but sees the establishment of a single currency as a positive factor for the risk capital market. The Committee identifies over-regulation and tax differences as barriers to investment. It takes the view that the Commission's action plan should concentrate on promoting a more positive attitude to risk investment in Europe, by, for example, encouraging tax breaks backed up with state guarantees, advice and support schemes and partnership agreements between large and small firms. Electronic trading by SMEs should also be encouraged. On the savings side, tax incentives and legal protection should also be offered to investors and s stock market for SMEs (EASDAQ) promoted along with the European bond market for the sector.