

# State aid and risk capital, implementation of the action plan RCAP

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The committee adopted the report drawn up by Peter SKINNER (PES, UK) in response to the Commission plan. The report noted that, while some progress had been achieved in removing tax and bureaucratic burdens to raising venture capital, businesses were still finding it difficult to put together a financial package to start a new company. In other words, if the EU was to achieve the goal of becoming the most competitive and dynamic knowledge based economy in the world by 2010, a key element was to encourage the growth of innovative SMEs in the hi-tech area through the implementation of the Risk Capital Action Plan, as agreed at the Lisbon Summit, by 2003. The committee pointed out that so far the signs were not encouraging, with venture capital investment in Europe still way behind US levels and indeed falling in the first half of 2001 by some 27%. Access to finance was still the most serious obstacle to encouraging the formation of new companies. To tackle this problem the committee recommended that venture capital companies should benefit from the same tax breaks as other businesses. The provision of stock option schemes for employees would also help as would a more active approach by the European Investment Bank through the European Investment Fund. Furthermore, with many new businesses failing, MEPs argued that risks involved in starting new companies should be recognised through a favourable tax treatment of capital gains and a more tolerant attitude towards bankruptcy.