

Enterprise policy: multiannual programme MAP 2001-2005

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This is the fourth annual implementation report on the European Charter for Small Enterprises. Originally established in the wake of the Lisbon Declaration, the aim of the Charter has been to facilitate the environment in which European SMEs operate. Based along ten guidelines the Charter is instrumental in encouraging national governments and administrations to foster a greater understanding of small business needs. The Charter is not just limited to the existing and candidate member states. The guiding motto of the Charter "think small first" has been extended to 34 countries. The purpose of the annual report is to provide a brief overview of the main measures taken by the Member States and the Commission in implementing the Charter over the past year. As such, it seeks to identify strengths and weaknesses across the European Union, to highlight promising national measures and to issue recommendations for future action. The Charter has been operational for three and half years and in that time it has become a symbol for many SMEs of active public encouragement for their concerns. The Commission believes that progress has undoubtedly been made. This year's Report examines three particular priority areas. Namely:

- Consultation of small businesses.
- Access to finance and in particular venture capital and micro loans.
- Innovation and technology transfer.

On the question of consultation with SMEs the Commission notes some encouraging developments over the last year. Examples include exchange programmes, which have been set up between public administrations and SMEs in both the Netherlands and the United Kingdom. The aim of these programmes is to introduce a new channel of communication between public administrations and SMEs. Concerning access to finance this is clearly a key issues for many SMEs. According to the Commission, although important progress has been made since the Charter came into being, businesses still see lack of finance as a major constraint. Various initiatives have been taken by the Member States including the Finnish DILLI scheme to attract skilled personnel to participate in the company's share capital. In the UK, a new tax incentive encourages the flow of private capital to finance institutions providing micro credit to enterprises in disadvantaged areas. In terms of innovation and technology transfer the Commission notes several new measures have been taken, such as the Dutch "TechnoPartner" initiative and the Portuguese Innovation Agency. Other examples include the Irish "Shannon Development Network", which brings businesses, teachers and innovation together. In spite of some progress the Commission proposes that further efforts are needed to develop appropriate technology transfer mechanisms to strengthen co-operation between science and the business community. The Report notes that progress has been quite dramatic in certain fields such as Member State initiatives making it cheaper and easier to set up businesses. One example given is the Spanish "Nueva Empresa" project. Since it was created SMEs in Spain can set up shop within 48 hours thanks to an on-line service. This compares to the 30-60 days it used to take to register as a business in Spain. The on-line service allows businesses to register all seven steps previously needed electronically (such as registration with the tax authorities, the commercial register and the social security authorities). It also includes a simplified bookkeeping system, tax and financial advantages as well as support services. On the matter of improving and simplifying regulation, the Commission reports a growing awareness amongst the Member States on the need to reduce administrative burdens on business with many in the process of renewing their bankruptcy laws. However, while some Member States haven carrying out regulatory impact assessments for several years, a small number of Member States still do not seem to use regulatory impact assessments at all prior to adopting legislation. Another area in which progress is being made relates to exchange of practice amongst the Member States. An increasing number of Member States have reported that they have drawn inspiration from measures developed in other Member States and recommendation of the Best Procedure projects. Building on the experiences of Belgium, Denmark and the Netherlands, Sweden is currently developing a measurement method. Further, following the example of the Netherlands, Belgium has set up a contact point for contradictory regulations and administrative cost where individuals and companies can report contradictory regulation or regulations that can not easily be applied. To conclude,

the Report suggests that the Charter has led to improved co-operation and co-ordination between all those involved in policies affecting small businesses. In January 2003 the Commission launched a Green paper on entrepreneurship. On the basis of the public consultation, the Commission is presenting an Action Plan, which will provide a strategic framework and a number of key action aimed at boosting greater entrepreneurship.