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

1998/2171(COS) - 09/03/1999 - Text adopted by Parliament, single reading

This report on a communication from the Commission on the role of risk capital in job creation, drafted by Mr. Giorgos Katiforis (PES, Greece) was adopted without debate. The Parliament welcomes the Commission's emphasis on the need to mobilise risk capital to encourage entrepreneurship, thereby stimulating the creation and development of SMEs and their ability to create employment. It believes that the following three broadly interacting aspects represent the priority areas to be tackled to improve the provision of risk capital to SMEs, and its utilisation by them: - the lack of a 'risk culture' in the productive sectors of the economy, both among those providing finance for businesses, particularly the banking sector, and among many SMEs themselves who either do not wish to grow or where 'risk' projects are inadequately thought through; - the absence at national level of adequate legal, administrative and fiscal frameworks enabling the creation and development of SMEs to take place, with excessive bureaucracy characterising some countries' administrative and legal structures; - the absence of fiscal and other supportive mechanisms at Community and Member State level to mobilise private and institutional savings into SME investments. It calls on the Commission to give priority to encouraging the Member States to implement the Action Plan within their areas of responsibility, and to tackle especially regulatory barriers, the simplification of regulatory provisions, improvement of market structures and tax harmonisation. Parliament believes that the Action Plan could be enhanced by the incorporation of: (a) measures to change risk culture in order to: - promote separate industrial and commercial banking institutions, dedicated to financing businesses; - encourage such organisations to provide long-term capital in the form of loans, secured against both tangible and intangible assets of the companies; - provide investment grants and/or guaranteed loans for technical innovation projects of small companies; - provide financial support for managers of micro-businesses and small companies when they are considering the development of products or of markets, or the expansion of productive facilities; - provide financial support for advice and support schemes for micro businesses' expansion, via firms of accountants who are close to the businesses and are trusted by them; - encourage the use of partnership arrangements between small companies and larger companies to enable the former to engage in cross-border trading, with reeduced costs and administrative effort, and to encourage the commercial development of SMEs via supply chain development; - encourage the use of electronic trading and the facilities offered by the information society for SMEs through grants and pilot schemes. (b) measures to mobilise savings into investment in SMEs by : - encouraging private individuals to invest in SMEs; - encouraging the development of EASDAQ and similar equivalents to allow medium-sized companies access to equity markets; - encouraging the development of the European corporate bondmarket as an option to equity markets for medium-sized companies; - removing excessive restrictions on the type of investments permitted for pension funds.