Implementation of the European Charter for Small Enterprises

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PURPOSE: to present the fifth annual implementation report on the European Charter for Small Enterprises.

CONTENT: based on national reports from the participating countries. It presents a snapshot of the main developments from autumn 2003 to autumn 2004 but does not aim to provide a comprehensive overview of all existing measures. It identifies strengths and weaknesses across the EU and its neighbours, highlights promising national measures and issues recommendations for future action, thereby strengthening policy in support of small businesses and maintaining the efforts towards the Lisbon objective.

Following its endorsement by the candidate countries in 2002, the Charter has become the cornerstone of small business policy in the enlarged Europe. In 2003, the countries of the Western Balkans endorsed the Charter, followed by Moldova in 2004. 35 countries now participate in the Charter process.

This year’s report examines in more detail progress made in three priority areas, selected from

the ten Charter areas:

- Education for entrepreneurship, especially secondary education: formal links need to be established between different sectors of the public administration, notably Ministries of Economy and Education, with the aim of setting up a global strategy (such cooperation already exists in France, the Netherlands, Finland, Norway and Lithuania); development of entrepreneurial skills and attitudes explicitly recognised as one objective in the national curriculum of comprehensive and vocational secondary schools (so far, the Czech Republic, Spain, Ireland, Poland, Finland and Norway);

- Better regulation, especially impact assessment and bankruptcy law: several countries have launched extensive programmes to improve the regulatory environment for businesses. In a significant number of Member States, impact assessments are already part and parcel of the preparation of new legislation. The Netherlands and the UK are among the leaders in the use of regulatory impact assessment. Good progress has also been made in Poland. The introduction of egovernment procedures, e.g. in Estonia and Latvia, has helped stakeholder consultation in the early stages of drafting legislative proposals and carrying out impact assessments, and is recommendable. Whereas good progress has been made in the use of impact assessment in many countries, France, Portugal, Slovenia and Slovakia need to step up their efforts in this area. In some countries, e.g. Poland, the period for consultation of stakeholders is too short to arrive at a well-researched opinion on the impact on businesses. Bankruptcy law should be revised or give ground to new laws aimed at quick, low cost, accessible, streamlined and predictable procedures.

- Skills shortages, especially measures to overcome lack of skilled technicians and engineers: most countries monitor current and future skills needs in increasingly systematic processes and in collaboration with other stakeholders such as business, social partners, regional and sectoral organisations (Sweden, Austria, Italy and France); guidance and awareness-raising can help improve the image of certain professions and attract young people towards careers with potentially strong future prospects; interesting recent developments include initiatives by sectoral organisations in Germany and Ireland. Potential areas for improvement include skills monitoring at federal and regional level in Belgium to ensure greater mobility among the country’s regions. The Czech Republic, Greece and Slovakia need to develop links

between universities and business while Italy could step up its efforts in supporting specialised training in enterprises.

The main challenge for the candidate countries is to improve the competitive performance of heir enterprises. For Bulgaria and Romania, part of the challenge is to improve the legal framework and favour the creation and growth of new enterprises. While business impact assessment needs to be further strengthened in Romania and Turkey, Bulgaria has made good progress in this area. The Charter process has landed on fertile ground in the countries of the Western Balkans and in Moldova. Further efforts are required in Bosnia-Herzegovina and Kosovo to reap the full benefits of the Charter. The Charter is also instrumental in the Commission's evaluation of the EU Membership applications of Croatia and the former Yugoslav Republic of Macedonia. Most progress has been made in the area of cheaper and faster start-up with several countries - in particular Serbia, Kosovo, Moldova and Bosnia-Herzegovina – speeding up the process and introducing the required legislation.

Lastly, the Commission believes that improvements are still needed in order to facilitate SME participation in EU programmes. The provision of information and support for SMEs, in particular through Commission networks such as the Euro Info Centres and the Innovation Relay Centres, also needs to be enhanced and the relevance of EU programmes for SMEs systematically evaluated.