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REPORT

on ‘How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?’
(2013/2176(INI))

Committee on Employment and Social Affairs

Rapporteur: Anthea McIntyre

Rapporteur for the opinion (*):
Josefa Andrés Barea, Committee on Industry, Research and Energy

(*) Associated committee – Rule 50 of the Rules of Procedure

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(*) Associated committee – Rule 50 of the Rules of Procedure

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on ‘How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?’
(2013/2176(INI))**

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union,
- having regard to the Commission communication of 3 March 2010 entitled ‘Europe 2020: a strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
- having regard to the Small Business Act (COM(2008)0394),
- having regard to the work of the Commission’s High Level Group of Independent Stakeholders on Administrative Burdens,
- having regard to the Commission report ‘Minimising regulatory burden for SMEs – Adapting EU regulation to the needs of micro-enterprises’ (COM(2011)0803),
- having regard to the Commission communication on EU regulatory fitness (COM(2013)0685),
- having regard to the Commission’s Entrepreneurship 2020 action plan,
- having regard to the Commission communication ‘An action plan to improve access to finance for SMEs’ (COM(2011)0870),
- having regard to its resolution of 5 February 2013 ‘Improving access to finance for SMEs’¹,
- having regard to the Late Payments Directive (Directive 2000/35/EC of the European Parliament and of the Council),
- having regard to the survey conducted by the Council of European Employers of the Metal, Engineering and Technology-Based Industries (CEEMET) entitled ‘Flexible employment contracts responding to changing market circumstances and meeting employee needs’²,
- having regard to the new programme for Employment and Social Innovation (EaSI) which will, among other things, extend the support given to microcredit providers under the current European Progress Microfinance Facility,

¹ Texts adopted, P7_TA(2013)0036.

²<http://www.ceemet.org/en/News/News/CEEMET-Survey-Flexible-employment-contracts-responding-to-changing-market-circumstances-and-meeting-employee-needs.htm>

- having regard to the Eurofound report of January 2013 entitled ‘Born global: The potential of job creation in new international businesses’,
 - having regard to the Eurofound report of 2013 entitled ‘Public policy and support for restructuring in SMEs’,
 - having regard to the Eurofound report of 2010 entitled ‘Job creation measures’,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on Industry, Research and Energy and the Committee on Regional Development (A7-0101/2014),
- A. whereas the time it takes to start a business in Europe differs between Member States and varies from 4 to 40 days, which can impact on job creation;
 - B. whereas various factors including labour market rigidities have been identified in some Member States as having a negative impact on job creation, and the combination of job flexibility and security can provide a more favourable framework;
 - C. whereas the single market and European human resources potential can play a key role in achieving the Europe 2020 employment targets;
 - D. whereas SMEs are the backbone of the EU economy and have a huge potential for job creation, being responsible for 85 % of newly created jobs;
 - E. whereas 20.7 million SMEs account for over 67 % of private-sector employment in the EU, with 30 % deriving from micro-enterprises;
 - F. whereas the cost per employee of complying with regulatory obligations can be up to ten times higher for SMEs than for large businesses (COM(2011)0803);
 - G. whereas due to the financial crisis and the credit crunch that arose in consequence SMEs are facing an extremely high cost of credit and the contraction of its availability; whereas, according to the Institute of International Finance, smaller businesses in the peripheral Member States are paying between 4 and 6 percentage points more for bank loans than their counterparts in central Europe, which is putting them at a significant disadvantage and thus hampering the region’s prospects for economic revival and net job creation;
 - H. whereas corporate bond, equity and securitisation markets in Europe remain relatively underdeveloped compared to other economies, and non-bank financing remains largely inaccessible to SMEs, undermining their potential to grow and create jobs;
 - I. whereas the effective provision of services is crucial for future growth, innovation and job creation;
 - J. whereas while we have the best-educated generation of youth in Europe’s history, and Member States have invested huge amounts of money in education and training, our young people are largely cut off from the labour market and their skills remain unused as

they compete for temporary and underpaid positions;

- K. whereas the European Social Fund has played an important role in assisting Member States to provide opportunities and training for unemployed people to re-enter the labour market;
- L. whereas the unemployment rate for young Europeans aged between 15 and 24 has reached the unsustainable level of 23 % and is above 50 % in those Member States most severely hit by the crisis; whereas this massive youth unemployment leads to a huge brain drain and significantly undermines our capacity for sustainable growth in the future;
- M. whereas the EU is threatened by the prospect of 'jobless growth', which will further undermine the social and economic fabric of our societies as well as the long-term prospects of the EU competing on an equal footing within a globalised knowledge-based economy;

Job creation

1. Is concerned at the cost, complexity and time involved in establishing a business in some parts of the European Union, all of which can impact negatively on future job creation; believes that if the EU is to improve its competitiveness and create more jobs, Member States must work to simplify and speed up this process, offer adequate assistance and support arrangements and make it less costly;
2. Notes that young enterprises that quickly and intensively internationalise after start-up show promising contributions to the economy by creating innovation themselves, fostering innovation in other companies, engaging in international supply chains and creating sustainable and good quality jobs; stresses, however, that these companies are confronted with considerable challenges at the start-up phase which have to be met quickly, while at the same time they have low levels of capital, so that low-cost, simple and quick start-up procedures would be beneficial for them;
3. Notes that global trends have created competitive pressures as well as opportunities for businesses; stresses the need for Member States to create the right regulatory and fiscal framework to foster the creation of jobs whilst ensuring a safe working environment;
4. Believes that in order to create a more hospitable environment for job creation, Member States must, with support from the Union where appropriate, put in place the reforms needed to address the following factors: skills, levels of qualification, entrepreneurship, the impact of demographic change, market access, finance, the labour market, rights at work, administrative costs and better regulation;
5. Emphasises the importance of research and innovation for enhancing the competitiveness, productivity, sustainability and job-creation potential of European SMEs, and notes the significant focus that Horizon 2020 and the EIT place on creating and supporting high-growth, innovative SMEs;
6. Highlights the job potential of the green economy, which, according to Commission

estimates, could create 5 million jobs by 2020 in the energy efficiency and renewable energy sectors alone, provided that ambitious climate and energy policies are put in place; calls on the Member States to ensure sufficient levels of investment in these sectors, anticipate workers' future skills, and guarantee the quality of 'green jobs';

7. Notes the important role of EU free trade agreements in creating and maintaining investment and jobs in EU Member States;
8. Takes the view that the steady development and deepening of the EU internal market is creating many substantial new opportunities for businesses of all sizes, clearly necessitating flexible framework provisions to promote entrepreneurship and self-employment, while the smooth functioning thereof requires a set of minimum regulatory standards, particularly in respect of public health and safety, health and safety in the workplace, food safety and environmental protection;

Skills

9. Believes the EU is faced with serious skills shortages and mismatches in certain regions and sectors, which are hindering economic growth and the achievement of the Europe 2020 strategy; notes that there are over 1.85 million unfilled vacancies in the EU; is concerned that the latest results of the Survey of Adult Skills (PIAAC), conducted by the OECD and supported by the Commission's DG Education and Culture, show that 20 % of the EU working-age population has low literacy and low numeracy skills and 25 % of adults lack the skills to make effective use of ICTs;
10. Notes the trend towards more skill-intensive jobs, with almost 90 % of jobs expected to be created or become vacant by 2020 requiring medium or high qualifications;
11. Considers that active policies to promote training courses and further training of workers, continuing education, school-business partnerships and apprenticeships could permit better matching of skills to those sought by businesses;
12. Recognises, in view of the skills shortage, the benefits that lifelong learning and free movement of workers in the EU can offer in addressing labour market demand;
13. Stresses that, while excellence, innovation and human resources are what constitute the comparative advantages of the Union, dwindling investment in research, education and training, coupled with the particularly high unemployment rates in individual Member States and in the euro area, are driving many Europeans to seek employment on other labour markets; stresses that the brain drain is a major obstacle to growth, greater Union competitiveness and measures to promote entrepreneurship;
14. Believes that some Member States' education and training systems should be better adapted to and should converge with future businesses' skills needs; notes with concern that in 2015 the estimated shortage of qualified ICT personnel in the EU will rise to between 384 000 and 700 000 and that the supply of STEM skills (science, technology, engineering and mathematics) will not match the increasing demands of businesses in the coming years, while the declining rate of women participating in those subjects has not been properly addressed; advocates that Member States be encouraged to establish dual

education and training systems focusing on STEM subjects and to promote the retraining and further training of workers, particularly those with low or obsolete skills;

15. Underscores the importance of dual education and training systems, focusing particularly on STEM subjects and combining practice-based education in vocational schools with learning in the workplace, since this has proved the most effective means of smoothing the transition from school to labour market;
16. Welcomes the Commission's communication 'Opening up Education', which aims to ensure that young people are equipped with digital skills;
17. Believes it is indispensable to introduce the teaching of entrepreneurship skills and programmes for learning how the market, the economy and the financial system operate, function and interact into basic education systems; believes that a well-prepared business plan is the first step towards better access to finance and viability; calls on the Commission and the Member States to include financial education and business start-up advice in their education programmes and to regard investment in entrepreneurial learning as a resource; supports, in this connection, the 'Erasmus for Young Entrepreneurs' programme, which is designed to promote an entrepreneurial culture and develop the single market and competitiveness;
18. Underlines the need to improve the pace of the school-to-work transition, thus enabling the young to enter the labour market as soon as possible and avoiding the risk of the NEET ('not in employment, education or training') phenomenon;
19. Notes that the European Structural and Investment (ESI) Funds provide support for authorities and stakeholders at the local, regional and national levels to foster, inter alia, work-based learning, research, development and innovation and to improve the competitiveness of micro-enterprises (especially one-person businesses) and SMEs, through cooperation with science and research facilities, thereby helping tackle the current economic and social challenges, in particular the high unemployment rate;
20. Stresses that efforts to support growth, innovation and job creation in a sustainable economy should guarantee health and safety standards and ensure a balance between economic, social and environmental requirements, while, inter alia, supporting smart specialisation, respecting the ecosystem and leading to adequately paid, quality jobs in all regions of the EU; underlines, in this connection, the important role to be played by businesses and the education sector through cross-border projects, cooperation between universities and other high-quality educational institutions and the creation of innovative 'clusters'; calls for local and regional funding programmes for apprenticeship training to be facilitated;
21. Considers that completion of the digital single market will help support and develop SMEs; considers it necessary to ensure that the necessary qualified ICT staff are available and that the European public possesses the digital skills necessary to make use of ICTs;
22. Stresses that, in order to address the skills shortage Europe is currently facing, urgent action is needed to speed up women's access to scientific and technological training and occupations, particularly in the new information and communications technology sector;

23. Calls for initiatives that will foster partnerships between businesses, research centres and universities and provide the necessary skills to enable Europeans to access ICT-related, energy-related and high-tech manufacturing jobs;

Entrepreneurship

24. Is concerned that the number of EU citizens who want to be self-employed has dropped from 45% to 37% in the last three years, almost one half being afraid of going bankrupt and more than 50% saying it is difficult to obtain sufficient information on how to start a business; considers that SME growth is linked to entrepreneurship; stresses that start-ups and self-employment create employment opportunities and help build strong industrial and services sectors, and advocates, therefore, that Member States be encouraged to promote entrepreneurial mindsets and skills at different education levels and to put in place business start-up advice in universities and vocational training colleges; notes with concern that women represent only 30 % of all entrepreneurs in Europe; stresses the need to promote female entrepreneurship by facilitating access to technical, scientific and business support networks and the development of coaching/mentoring programmes for women entrepreneurs;
25. Notes that the ‘risk’ factor regarding self-employment and the adverse effect of the recent economic crisis on borrowing conditions is a deterrent to engaging in such entrepreneurial activities; recommends, accordingly, that consideration be given to adoption of measures by Member States to balance the welfare safety net for the self-employed without detracting from the flexibility of this particular type of activity;
26. Notes with concern that the financial crisis and the subsequent recession have hit many European SMEs hard and that a significant number have ended up in liquidation, rather than with the company getting a fresh start; highlights the importance of a favourable regulatory framework to favour healthy restructuring and therefore job retention; welcomes the Commission’s Entrepreneurship Action Plan supporting Member States’ efforts to make it easier for sound businesses to survive and for honest entrepreneurs to get a second chance, since this will have a positive impact on job creation; urges the Commission to come forward with an overview of actions taken in the different Member States to enhance the climate for entrepreneurship; underlines the responsibility of the Member States to fully use the support offered by the Commission for improving the climate for entrepreneurs; welcomes the Commission’s efforts to inform citizens and businesses about funding opportunities through publications such as ‘Overview of the financial rules’ and ‘Funding opportunities 2007-2013’;
27. Welcomes the Programme for the Competitiveness of Enterprises and SMEs (COSME) and the SME instrument provided for under Horizon 2020; laments the fact, however, that the budget for COSME and for SMEs in Horizon 2020 under the multiannual financial framework is limited;
28. Welcomes, in particular, the specific actions provided for under COSME which are designed to improve framework conditions for enterprises, particularly SMEs, to facilitate access to finance and markets, and to promote entrepreneurship and entrepreneurial culture; stresses that in order to promote the development of entrepreneurship in Europe a predictable and clear regulatory environment is essential; expects measures and actions

promoting entrepreneurship at European or national level to cover enterprise models of all types, including cooperatives, craft businesses, liberal professions and social enterprises; welcomes especially the continued support for equity and debt finance provided under Horizon 2020 and COSME;

29. Believes that young entrepreneurs are enablers of innovation and job creation; underlines the need to connect experienced mentors to aspiring young entrepreneurs and facilitate the creation of support structures in innovative start-ups; welcomes schemes such as Erasmus for Young Entrepreneurs that are aimed at helping new entrepreneurs acquire relevant skills for managing a business, and believes that such programmes should be further promoted in order to help more entrepreneurs develop and create jobs; calls on the Member States to promote the practical aspects of entrepreneurial education and training in schemes such as school-company projects and training placements; calls on the Commission and the Member States to take this into account in the implementation of the COSME programme; welcomes the strengthening of the European Institute of Innovation and Technology (EIT), with its clear focus on providing entrepreneurial and innovative skills to 10 000 Masters' students and 10 000 Ph.D. students by 2020;
30. Calls for support for EU mobility programmes for entrepreneurs, such as Erasmus for Young Entrepreneurs, and for entrepreneurship education to be included in national school curricula through the exchange of best practice;
31. Notes the importance of establishing and supporting business incubators, to provide young entrepreneurs with the opportunity to test their ideas and familiarise themselves with business networks and help them contact potential partners, clients and investors; believes that EU funding can play an essential role, and stresses the success of EU-funded projects and university programmes such as the ERDF-financed Birmingham Skills for Enterprise and Employability Network (BSEEN) in the UK which nurture enterprises and entrepreneurial skills by providing mentoring, intensive start-up support and incubator space for new ventures, and are thus key to future job creation;
32. Draws attention to the fact that, faced with the threat of closure, workers in many European companies can take over the ownership of those companies through cooperative societies; calls for consideration to be given to possible new lines of support through the European Globalisation Adjustment Fund and the European Investment Bank for companies involved in key sectors under the Europe 2020 strategy;
33. Is concerned at the growing phenomenon of bogus self-employment in the European Union; calls on the Member States to adopt specific policies to prevent this, such as sufficient employment opportunities or better labour inspection;
34. Calls on the Member States to promote a culture of internationalisation through information, the presentation of good practices and the provision of a platform for information exchange; urges them to provide skills development in the field of entrepreneurship with an international focus, to promote transparency as regards available support tools for start-ups, to support networking and exchanges that link young entrepreneurs with potential investors and business partners, and to provide operational advice and support even after the start-up phase in order to help them get through the critical early years and provide incentives for employment;

35. Emphasises the importance of providing young Europeans with entrepreneurial education and encouraging entrepreneurial attitudes; notes, in this context, the landmark role that the EIT plays in promoting an entrepreneurial culture through education, training and practice; notes that all the EIT's Knowledge and Innovation Communities actively promote entrepreneurship in their respective fields, through the development of curricula that combine excellent science and innovation with entrepreneurial skills and experiences, thus preparing the entrepreneurs of tomorrow and infusing existing businesses with an innovative and entrepreneurial mindset;
36. States that it is of the utmost importance for the EU's social cohesion to tackle the high unemployment rates, in particular among young people and other vulnerable groups, in the EU by boosting regional competitiveness and employment and fostering an entrepreneurial spirit; calls, therefore, on the Member States to use the ESI Funds to focus on creating sustainable jobs and business opportunities by providing a hospitable environment and the right regulatory framework for micro-, small and medium-sized enterprises, businesses and start-ups;
37. Points out that the ESI Funds have an important role to play in supporting employment and concrete projects aimed at enhancing entrepreneurial, enterprise and creative skills, including those of young people; underlines the need for all Member States and regions to make full use of this opportunity in order to tackle youth unemployment; stresses that, through the ESI Funds, local and regional authorities should pay particular attention to promoting entrepreneurship at local and regional level, including a focus on start-ups by young people;
38. Welcomes the growth in recent years of the social economy as a new form of entrepreneurship in the European Union, particularly for young people; calls on the Member States to develop strategies and programmes promoting the social economy;

Demographics

39. Believes that, given the widespread phenomenon of ageing populations, Member States should be encouraged, inter alia in the context of solidarity between the generations, to promote the retention of older workers, both women and men, on the labour market, by valuing experience; stresses that an older labour force and longer working lives can make a positive contribution to the recovery and to future growth; emphasises, therefore, the importance of lifelong learning, in particular for older workers; stresses, finally, that older people are indispensable with a view to passing on knowledge and experience to younger generations;
40. Believes in the importance of promoting senior entrepreneurship as a means of engaging the senior population with significant business experience in the innovation process, thereby extending working lives and retaining indispensable skills in the labour market;
41. Calls on the Member States to effectively implement the EU legislation outlawing discrimination in the workplace on the grounds of age, disability, sexual orientation or religion or belief;

42. Recognises the importance of taking into account the situation of people who have to reconcile work and family life;

Market access

43. Stresses that the opportunities afforded directly by the EU single market must be used to inject new life into Europe's economies by opening up borders, removing existing obstacles that hamper workers' mobility, and creating new business opportunities and jobs;
44. Calls for the remaining barriers to the cross-border provision of services to be dismantled, thus enabling them to create more jobs;
45. Stresses that for SMEs, size does matter, and that a larger scale allows SMEs to more easily withstand economic cycles, build deeper expertise, find new customers and markets, link into global supply chains, and obtain easier access to bank financing and broaden funding sources, thus creating more jobs; believes that the Commission and the Member States should encourage the provision of education in management and business strategy for SME owners looking to expand their businesses; highlights the importance of aid to SMEs to develop connections to untapped foreign markets by redirecting existing public agencies to work with banks and SMEs' associations towards that end;
46. Stresses that the introduction of suitable and flexible single market framework provisions to promote entrepreneurship and support the small and medium-sized undertakings that form the economic backbone of the Union must not, under any circumstances, be achieved to the detriment of minimum European labour standards and fundamental labour rights;
47. Notes that it is crucial to ensure support for SMEs aiming to internationalise through medium- and long-term loans or equity investments, and to educate SMEs in how to access trade financing;
48. Notes the importance that the digital economy has for creating jobs, especially when linked to sectors in which Europe is traditionally strong, such as the creative industries, cultural heritage and tourism;
49. Stresses that free and fair competition in the single market, underpinned by common social standards, is of crucial importance for boosting growth and innovation and thereby increasing employment in the Union;

Finance

50. Notes that bank lending is still the most common source of finance in Europe; believes however, that there are real benefits in new forms of financing through innovative schemes and non-bank routes, such as crowdfunding, SME angels, peer-to-peer lending, micro-lending, easily accessible microcredit agencies and other tools, which can provide vital investment for start-ups and SMEs to grow and create jobs; believes that new forms of financing would be beneficial for young, dynamic businesses which have difficulties in accessing more traditional sources of finance due to their 'newness'; stresses that such new forms of financing should not be limited to start-up and growth phases and that fostering

alternative capital markets would also be beneficial for realising positive outcomes for both companies and their employees, for example in cases of restructuring;

51. Considers it extremely important for Member States to implement Directive 2011/7/EU on combating late payment in commercial transactions, under which, with regard to transactions between undertakings and public authorities, the contractual payment period must not exceed the time limits laid down in Article 4(3) unless otherwise expressly agreed in the contract and provided it is objectively justified in the light of the particular nature or features of the contract and in any event does not exceed 60 calendar days;
52. Emphasises that non-innovative and established SMEs looking to expand into new markets or to transfer their ownership often also need public support in order to secure the necessary financing;
53. Stresses that the cohesion policy for the 2014-2020 period is an important and effective instrument for generating smart, sustainable and inclusive growth and achieving the Europe 2020 targets while supporting, through a wide range of measures and innovative financial instruments, the start-up and development of small and medium-sized enterprises (SMEs), including micro-enterprises, as a key motor of job creation in the EU;
54. Welcomes initiatives to make it easier for citizens, organisations and businesses, in particular SMEs, to access EU support via a single multilingual portal offering information on the Structural Funds, including the ESF Horizon 2020 and COSME; also welcomes the Enterprise Europe Networks endeavours in this field; believes, nonetheless, that more must be done to disseminate clear and comprehensive information about funding opportunities to existing and potential entrepreneurs through ‘one-stop shops’ throughout the regions, and to encourage financial intermediaries to make greater use of the funding sources available;
55. Asks for a better coordination of EU funding mechanisms, including Structural Funds, ERDF, Horizon 2020 and EIB investments, especially when it comes to funding innovative SMEs, and asks for an assessment of current obstacles arising from the fact that in several Member States banks fail to transfer funds and loan guarantees to SMEs and the real economy;
56. Underlines the importance of research and innovation for enhancing the competitiveness, productivity, sustainability and job-creation potential of European SMEs, and notes the significant focus that Horizon 2020 and the EIT place on creating and supporting high-growth innovative SMEs;
57. Welcomes the creation of an SME instrument under the Horizon 2020 programme enabling SMEs to access financial and non-financial support in order to implement innovative ideas; calls on the Commission to introduce this instrument as of 2014 in the most SME-friendly way, i.e. through a single dedicated agency, allowing for the genuine ‘bottom-up’ submission of projects and supporting all types of innovation, including non-technological and social innovation;
58. Points out that firms, however, often face problems in finding money to finance their research, develop new products or access new markets;

59. Supports EU initiatives which help SMEs access more financial resources with greater ease, on the grounds that they make for easier, faster access to funding for young and innovative companies, encourage Member States to adopt mechanisms to foster innovation (e.g. tax credit mechanisms to fund research and innovation) and redress inequalities between Member States; supports initiatives seeking to encourage entrepreneurs whose businesses have failed, so as to offer them a second chance and not discourage risk-taking;
60. Welcomes the simplification of reimbursement methods as part of the Commission's proposal for a Common Provisions Regulation on the Structural Funds, given the important role that these instruments play in many regions in the promotion of entrepreneurship and skills; asks the Commission to monitor SMEs' access to Community funding and to report to Parliament on the matter;
61. Takes the view that public investment and state support for the setting-up and continued operation of undertakings is crucial; believes that Member States should demand safeguards and guarantees from companies setting up in each Member State and receiving public support; with the objective of preserving jobs;
62. Believes that unfair tax competition between Member States negatively affects the development of enterprises, that SMEs are often at a disadvantage in tax systems compared to larger companies, and that potential growth and investment where SMEs are concerned are therefore being stifled; is in favour of better coordination of company tax systems in the EU through the introduction of a harmonised tax base, accompanied by action to combat tax evasion and aggressive tax planning;

Labour market

63. Strongly believes that businesses could create more jobs if the right conditions exist, including access to a qualified and highly-skilled workforce, work-life balance, reasonable costs and taxes, and keeping administrative and regulatory burdens to a minimum;
64. Notes the importance of workplace flexisecurity, on the one hand in giving workers a fair degree of security and on the other in allowing economic operators to react in a flexible way to changes in the market;
65. Sees the introduction of 'youth coaches' in employment agencies as an important step towards further reducing the numbers of young people who fail to make the transition from education to the labour market;
66. Believes Member States must invest more in human capital and be more responsive to labour market needs, notably by ensuring strong links between the world of education and the world of work, ensuring that young people are equipped with the right information, advice and guidance to make sound career choices, and fostering work-based learning apprenticeships, as well as retraining of employees and provision of lifelong learning opportunities;
67. Considers that there is major scope for increasing the involvement of the social partners and the bodies concerned in the formulation of a long-term strategy for small and

medium-sized enterprises, this being the only way to identify malfunctions, formulate intelligent and flexible legislation, avoid market fragmentation and promote the creation and development of sustainable and quality employment;

68. Calls on the Commission and the Member States to create viable transition schemes from higher education and vocational training to the labour market, especially for first-time young professionals;
69. Calls on the Member States to continue taking policy measures, accompanied by economic and regulatory incentive mechanisms, which shape culture and educational systems through the creation of partnerships and exchange networks between all the various levels of education and companies, in order to bridge the current gap between academia and the market and make it easier for researchers to move from universities to companies, thereby fostering innovation;
70. Encourages the establishment of a European definition of the ‘auto-entrepreneur’ for activities related to the European digital economy;

SMEs and micro-enterprises

71. Considers that SMEs are the main drivers of innovation and economic growth in the EU and play a crucial role in providing pathways into work for people of all ages and for both women and men; regrets that in many Member States they are excluded from public research, innovation and development policy;
72. Highlights the importance of SMEs not only in creating but also in preserving jobs;
73. Points out that more than 20 million SMEs in the EU represent 99 % of businesses, and that SMEs are a key driver of economic growth, innovation, employment and social integration;
74. Believes that public policy measures play an important role in supporting and stimulating the creation and development of SMEs (e.g. affordable loans, advisory services on public initiatives and legislation, incubators and accelerators, clusters, technology transfer offices, coaching and mentoring schemes, etc); considers that networking and the exchange of best practice play an important role in this respect; believes that intangible and non-financial forms of support, such as access to knowledge and information, financial education and business networks, are essential for new entrepreneurs and SMEs to develop their businesses; considers that, in order to stimulate the internal market and trade among small businesses, it is particularly important to ensure the mutual recognition of occupational qualifications and the interoperability of different commercial regulatory systems;
75. Believes that innovation in SMEs is an important route to job creation; points out that if SMEs are to participate successfully in the innovation system, it is essential that they are in the driving seat with regard to their innovative activities and that support is better tailored to their real needs;
76. Underlines the ‘think small first’ principle; recognises the benefits of crossborder e-

commerce in providing new opportunities for SMEs to access the single market, create employment opportunities, reduce costs and compete globally;

77. Stresses the opportunities offered by ICTs in terms of enhancing productivity and competitiveness; emphasises the need for the potential of the digital single market to be unleashed, and points out that the cost of creating an innovative ICT start-up has fallen by a factor of 100 in the last ten years, mainly as a result of technologies such as ultra-fast and ubiquitous broadband, cloud computing, open-source software, open data and access to public-sector information;
78. Highlights the fact that eGovernment is particularly beneficial for entrepreneurs (particularly SMEs, who often face insurmountable barriers when operating across borders within the EU), as it brings reduced administrative costs and burdens, increased productivity, efficiency, competitiveness, transparency, openness, policy effectiveness, accessibility and streamlining of procedures;
79. Believes that the lack of adequate protection for SMEs can in many cases cripple businesses and stall economic growth, and may also discourage entrepreneurs from taking chances, which will impact on their ability to grow and create jobs;
80. Notes that the main barriers facing start-ups and affecting the development of high-growth SMEs are difficult access to and cost of finance, burdensome regulation, lack of knowledge of regulations, indirect costs, restricted access to export markets, average payment times and skills shortages;
81. Welcomes the introduction of the ‘SME test’ and the Commission’s commitment to propose lighter regulatory regimes for SMEs and exemptions for micro-businesses on a case-by-case basis, without compromising on health, safety and employment standards; believes that mitigating measures must be introduced across a range of legislative proposals, e.g. longer implementation time, efficient and effective inspections, or guidelines to simplify firms’ paperwork, but without creating a two-tier labour market;
82. Welcomes initiatives such as the CREATE project which address the barriers to growth and job creation and competitiveness experienced by SMEs in rural areas;
83. Believes that Member States must be encouraged to share best practice - for example, through the European Network of SME Envoys on innovative ways to create jobs, by reducing bureaucracy and red tape and improving communication, particularly for SMEs and microenterprises;
84. Urges the Commission and the Member States to help local authorities and SMEs’ associations promote local production and product quality, for example through the formation of business clusters for joint research and development projects;
85. Believes that also organisations representing SMEs should be encouraged to share cross-border best practices on innovative ways to reduce bureaucracy and red tape;
86. Regrets that the labour reforms taking place in various Member States are resulting in many workers no longer being protected by collective agreements, especially in SMEs;

considers that any improvements in labour flexibility should be accompanied by adequate labour protection;

- 87. Believes that the framework for SME participation in public procurement should be improved;
- 88. Notes that in many Member States there is insufficient support and/or an insufficient regulatory framework to ensure appropriate conditions for young and innovative companies and start-ups, and stresses the need for better coordination of the different European, national, regional and local policies and instruments concerning SMEs;
- 89. Stresses the need to strengthen EU rules on product traceability, so as to combat counterfeiting and create an effective means of encouraging the development of SMEs;

Better regulation

- 90. Stresses the need for more efficient and more clearly-worded regulations that can be implemented in a simple manner and can help all actors, including entrepreneurs, operate within the rule of law and enable both entrepreneurs and employees to benefit from the opportunities and protection afforded by employment and health and safety legislation;
- 91. Underlines the need for greater integration of Union policies in favour of SMEs as regards innovation, growth, competitiveness, internationalisation, entrepreneurship, resource productivity, reducing bureaucracy, the quality of human resources, and environmental and social responsibility;
- 92. Acknowledges the Commission's actions to address the results of the review of the 'Top 10' most burdensome laws for SMEs, which will help businesses create more employment opportunities; believes that the Commission should urgently prioritise the improvement of these regulations in ways that address SMEs' concerns; believes there is a need to ensure that the EU and Member States take account of the specific needs of, and considers support measures for businesses, in particular SMEs and micro-enterprises, in the policy process;
- 93. Points out that young companies which internationalise rapidly and intensively after their start-up phase make useful contributions to the economy by creating innovation, encouraging other companies to innovate, taking part in international supply chains and creating sustainable high-quality employment; notes, however, that since these companies face considerable challenges during the start-up phase due to low levels of capital, low-cost, simple and quick start-up procedures would be of benefit to them;
- 94. Stresses that rules on health and safety at work and workers' protection cannot be considered as burdensome regulations; calls on the Commission to simplify excessive administrative burdens while always ensuring health and safety at work and guaranteeing that SMEs have adequate knowledge and resources enabling them to manage their employees' working environment properly;
- 95. Notes that social partner agreements apply to a wide range of businesses and employees; is concerned that negotiations have not kept pace with the EU 'better regulation' agenda;

believes that all social partner agreements should undergo independent impact assessments;

96. Notes the new health and safety strategy; hopes it will focus on prevention, usability, clarification, simplification, prevention, and better implementation of existing legislation in order to ensure workers' health and safety;
97. Welcomes the reduction of REACH registration fees for SMEs, even though fees represent a fraction of overall compliance costs; is extremely concerned, however, that initial cost estimates from REACH were underestimated, with this difference already amounting to over EUR1 billion – a figure that will continue to rise;
98. Stresses the need to improve overall business efficiency through projects and instruments which make it possible to confront the challenge of energy recovery with a view to encouraging reduced energy costs;
99. Points out that the provisions of the regulations for the 2014-2020 cohesion policy period aim to reduce the administrative burden on micro-enterprises and SMEs, particularly as regards the activation of unemployed people, thereby contributing to better conditions for job creation; calls on the Member States to do away with the obstacles standing in the way of better implementation of the ESI Funds for the benefit of micro-enterprises and SMEs;

Recommendations

100. Calls on the Commission and the Member States to act with speed and ambition to reduce the regulatory burden on SMEs, while ensuring that any proposed solutions are evidence-based and respecting health and safety and Article 9 TFEU;
101. Calls on the Commission and the Member States to fully exploit the job potential of the green economy by developing a Renaissance of Industry for a Sustainable Europe (RISE) strategy that pursues technological, business and social innovation towards a third industrial revolution including a low-carbon modernisation offensive; argues that RISE will create new markets, business models and creative entrepreneurs, new jobs and decent work, bringing an industrial renewal with economic dynamism, confidence and competitiveness; believes that energy and resource efficiency are key pillars of such a strategy;
102. Considers that an appropriate approach could be offered by the Commission's proposal that micro-entities should be excluded from the scope of future proposed legislation unless there is a need for them to be covered;
103. Calls on the Commission to ensure that national SME organisations are part of the newly-established network of SME Envoys and the SME Assembly and are properly informed of EU initiatives and policy proposals; stresses, in this context, the equally important role of the European Information Centres (EICs), which have so far not managed to provide a service that lives up to the expectations and needs of European businesses;
104. Calls on the Member States to promote language learning through lifelong learning

(vocational training), for employees of SMEs and micro-entities, as a means of reinforcing access to and participation in the single market for such firms;

105. Asks the Commission to ensure easier access for SMEs to structural funds, notably by relaxing the requirements for pre-financed projects, reducing the requirements for cofinancing, better targeting different types of SMES, closing the financing gap between call cycles, and supporting capacity-building for SME funding;
106. Maintains that all measures in support of SMEs should be applicable to the self-employed, especially as regards the different forms of social security system, the benefits provided under those systems and the prevention of occupational hazards;
107. Recommends MEPs to make full use of the Impact Assessment and European Added Value Directorate in order to scrutinise the cost, benefits and other implications of proposed draft legislation on SMEs and job creation in particular;
108. Calls on the Commission and the Member States to be more rigorous in assessing the impact of future and existing regulation on SMEs and competitiveness in general;
109. Reminds Member States of their commitment under the Small Business Act to make it possible to start a business within 48 hours maximum; calls on the Member States, in this context, to make every effort to reach this target in order to achieve the employment targets contained in the Europe 2020 strategy;
110. Calls on the Commission to address any identified negative effects that EU legislation has on businesses and their ability to create jobs, particularly with regard to the aspects of lack of knowledge, overall perception and lack of support for the practical application of EU legislation; calls on the Commission to improve the flow of information to SMEs;
111. Calls on the Commission, in the context of the REFIT programme, to check that all legislation is doing what it was intended to do, and to identify areas where there are inconsistencies or ineffective measures affecting employment opportunities;
112. Calls on the Member States and the Commission to support self-employment, possibly across borders and especially among women and young people, by creating an environment and developing an education and social protection system that will encourage entrepreneurs to set up and develop their businesses and create new jobs by, for example, promoting entrepreneurship among students and professionals;
113. Calls on the social partners to embrace smart regulation tools, increase the use of impact assessments in their negotiations, and refer agreements proposing legislative action to the Commission's Impact Assessment Board;
114. Insists that the Data Protection Regulation should follow a balanced approach, protecting data privacy while stimulating the digital economy, job creation and growth;
115. Calls on the EU to work with Member States, universities, research establishments and businesses in order to coordinate and make full use of EU funding sources (e.g. ESF, ERDF, COSME, Horizon 2020 and Erasmus+), in order to promote an entrepreneurial

culture, particularly among women and young people, develop and upgrade the qualifications and skills needed by the labour market, and support the creation of new businesses;

116. Calls on the EU and the Member States to cooperate on introducing entrepreneurship skills into curricula at all stages of education;
117. Calls on the EU to work with Member States, schools and universities on the implementation of open technology-based education;
118. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

Unemployment is the biggest social challenge facing Europe at the moment. In July 2013 the unemployment rate for the EU as a whole was 11%, and for a number of member states was over 20%. The EU2020 has set a target of 75% in active employment by 2020, and if we are to have a realistic chance of reaching this goal, we need to focus on how Europe can create the right environment for job creation.

We must also remember the overarching principle that it is businesses, particularly SMEs, micro-enterprise, entrepreneurs and innovators that create jobs, not EU growth plans. SMEs and micro-enterprises currently provide 90 million jobs in the private sector in the EU. This is where there is huge potential for job creation, for growth and innovation. Considering that 85% of all new jobs over the past 10 years have come from SMEs we must ensure that the needs of SMEs are put at the centre of policy making.

The EU and particularly member states have an important role to play in supporting businesses by improving access to finance, encouraging entrepreneurship, and most importantly by exploring new ways of creating the right regulatory environment.

Businesses can only create jobs and recruit more people if the market allows for it, if they can rely on a qualified workforce, if labour markets are sufficiently flexible, if labour costs including wages are in line with productivity, if social protection systems make work attractive and if regulation is proportionate and evidence based.

There are some big challenges to be addressed and while acknowledging the broad spectrum of political views on this issue, this report seeks to address a number of issues including how the EU and member states can improve access to finance, promote entrepreneurship and develop better regulation.

A number of key points have been stressed, first, that businesses and in particular SMEs and microenterprises must be equipped with the knowledge and know how on how to access EU support through for example one stop shops and web portals.

Secondly, given that the number of EU citizens that want to be self-employed has dropped from 45% to 37% in the last 3 years, it is important that an entrepreneurial spirit is nurtured from an early age right through to university and that every effort is made to make it easier for sound businesses to survive and for honest entrepreneurs to get a second chance.

The report in particular welcomes innovative initiatives that help entrepreneurs including the CREATE programme, Erasmus for young entrepreneurs and the Entrepreneurship Strategy 2020.

Thirdly, it highlights that growing international competition driven by increasingly skilled workforces have left the EU facing serious skill shortages and skill mismatches which are acting as a brake on economic growth. There is a clear trend towards more skill intensive jobs. The vast majority of the jobs that are expected to be created or become vacant by 2020 will require medium or high qualifications.

More notably, by 2015, the estimated shortage of qualified ICT staff in the EU will rise to

somewhere between 384,000 and 700,000. The supply of science, technology, engineering and mathematics skills will not match the increasing demand of companies.

Central to this is the need to create the right regulatory environment, by removing unnecessary barriers which impose disproportionate costs on businesses and inhibit their ability to grow, create jobs and compete globally.

It highlights a number of initiatives including ‘think small first’ principle, the “SME test, the REFIT programme, the Commissions ‘Top 10’ most burdensome laws (which identified the Working Time Directive and Temporary Agency Directive as either too complex or containing disproportionate requirements on SMEs) all of which will help ensure that legislation is doing what it was intended to do.

Legislators have a responsibility to ensure that any regulations or proposals they put forward encourage job creation and do not impose disproportionate or ill-considered burdens on business.

4.12.2013

OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY*

for the Committee on Employment and Social Affairs

on how can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?
(2013/2176(INI))

Rapporteur(*): Josefa Andrés Barea

(*)Associated committee – Rule 50 of the Rules of Procedure

SUGGESTIONS

The Committee on Industry, Research and Energy calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Underlines the need for greater integration of Union policies in favour of SMEs as regards innovation, growth, competitiveness, internationalisation, entrepreneurship, resource productivity, reducing bureaucracy, the quality of human resources, and environmental and social responsibility;
2. Notes that the unemployment rate among young Europeans (aged 15-24) has reached the unsustainable rate of 23% and is above 50% in those Member States hardest hit by the crisis; points out that these extremely high rates of youth unemployment are leading to a huge brain drain and is significantly undermining our capacity for sustainable growth in the future;
3. Stresses that free and fair competition in the single market, underpinned by common social standards, is of crucial importance to boost growth and innovation and thereby increase employment in the Union;
4. Points out that more than 20 million SMEs in the EU represent 99% of businesses, and are a key driver of economic growth, innovation, employment and social integration;
5. Welcomes the growth in recent years of the social economy as a new form of entrepreneurship in the European Union; calls on Member States to deepen programmes promoting its creation and development;

6. Points out that firms, however, often face problems in finding money to finance their research, develop new products or access new markets;
7. Notes that it takes between 4 days (Belgium) and 40 days (Malta) to set up a business in Europe¹;
8. Welcomes the Programme for the Competitiveness of Enterprises and SMEs (COSME) and the SME instrument provided for under Horizon 2020; laments the fact, however, that the budget for COSME and for SMEs in Horizon 2020 under the multiannual financial framework is limited;
9. Welcomes in particular the specific actions provided for under COSME which are designed to improve framework conditions for enterprises, particularly SMEs, to facilitate access to finance and markets and to promote entrepreneurship and entrepreneurial culture; stresses the need to promote entrepreneurial skills, particularly among young people from an early age and women; stresses that, to promote the development of entrepreneurship in Europe, a predictable and clear regulatory environment is essential; expects measures and actions promoting entrepreneurship at European or national level to cover enterprise models of all types, including cooperatives, craft businesses, liberal professions and social enterprises; welcomes in particular the continued support for equity and debt finance provided under Horizon 2020 and COSME;
10. Calls on the Commission to guarantee better access to the Structural Funds for SMEs, in particular by easing the requirements for previously funded projects, reducing co-financing requirements, better guidance for different types of SMEs and the creation of capacity to support SME financing;
11. Emphasises the importance of research and innovation for enhancing the competitiveness, productivity, sustainability and job-creation potential of European SMEs and notes the significant focus that Horizon 2020 and the EIT place in creating and supporting high-growth, innovative SMEs;
12. Welcomes the Commission's REFIT initiative to abolish certain EU legislation that has proven to create disproportionate burdens for European enterprises, in particular SMEs;
13. Considers that the Erasmus for Young Entrepreneurs programme will encourage entrepreneurship and job creation;
14. Highlights the importance of SMEs not only in creating but also in maintaining jobs;
15. Calls for better coordination of EU funding mechanisms, including the Structural Funds, the ERDF, Horizon 2020 and EIB investment, especially when it comes to funding innovative SMEs, and calls for an assessment of the obstacles that are currently resulting in banks in several Member States failing to provide funds and loan guarantees to SMEs and the real economy;
16. Calls on the Commission and Member States to be more rigorous in assessing the impact

¹ <http://data.worldbank.org/indicator/IC.REG.DURS>

of future and existing regulation on SMEs and competitiveness in general;

17. Calls for support for EU mobility programmes for entrepreneurs, such as Erasmus for Young Entrepreneurs, and for entrepreneurship education to be included in national school curricula through the exchange of best practice;
18. Believes that public policy measures play an important role in supporting and stimulating the creation and development of SMEs (e.g. affordable loans, advisory services on public initiatives and legislation, incubators and accelerators, clusters, technology transfer offices, coaching and mentoring schemes, etc.); considers that networking and the exchange of best practice play an important role in this respect; believes that intangible and non-financial support such as access to knowledge and information, financial education and business networks is essential for new entrepreneurs and SMEs to develop their businesses; considers that, to stimulate the internal market and trade among small businesses, it is particularly important to ensure the mutual recognition of occupational qualifications and the interoperability of different commercial regulatory systems;
19. Points out that young companies which internationalise rapidly and intensively after their start-up phase make useful contributions to the economy by creating innovation, encouraging other companies to innovate, taking part in international supply chains and creating sustainable high-quality employment; notes, however, that since these companies face considerable challenges during the start-up phase due to low levels of capital, low-cost, simple and quick start-up procedures would be of benefit to them;
20. Points out that the importance of creating and providing 'integral' support to young entrepreneurs through business incubators provides an opportunity for them to try out their ideas, become familiar with business structures and get in touch with potential partners, customers and investors; emphasises that mentoring is not only necessary during the initial phase, but also throughout the critical years following the start-up phase;
21. Considers that SMEs have great innovative potential within the European economy and play a crucial role in providing pathways into work; regrets that in many Member States they are excluded from public research, innovation and development policy, and calls for a radical reversal of that trend;
22. Notes that in many Member States there is insufficient support and/or an insufficient regulatory framework to ensure appropriate conditions for young and innovative companies and start-ups and stresses the need to better coordinate the different European, national, regional and local policies and instruments concerning SMEs;
23. Observes that a long-term strategy to improve the competitiveness of a business and protect employment may necessitate restructuring; reiterates the importance of providing information and consulting workers when restructuring is anticipated and to help manage it; calls on the Commission, as soon as possible, on the basis of Article 225 of the Treaty on the Functioning of the European Union and after consulting the social partners, to submit a proposal for a legal act in accordance with the detailed recommendations made in the European Parliament resolution of 15 January 2013;
24. Welcomes the introduction of the 'SME test'; regrets, however, that only some Member

States have made it part of their national decision-making process;

25. Believes that unfair tax competition between Member States negatively affects the development of enterprises, that SMEs are often at a disadvantage in tax systems compared to larger companies, and that potential growth and investment where SMEs are concerned are therefore being stifled; is in favour of better coordination of company tax systems in the EU through the introduction of a harmonised tax base, accompanied by action to combat tax evasion and aggressive tax planning;
26. Calls on the Member States to continue taking policy measures, accompanied by economic and regulatory incentive mechanisms, which shape culture and educational systems through the creation of partnerships and exchange networks between all the various levels of education and companies, in order to bridge the current gap between academia and the market and make it easier for researchers to move from universities to companies, thereby fostering innovation; believes that Member States must be more responsive to labour market needs, notably by fostering work-based learning and apprenticeships, as well as re-training of employees and provision of life-long learning opportunities; calls on the Commission and the Member States to create viable transition schemes from higher education and vocational training to the labour market, especially for young professionals entering the labour market for the first time; calls for entrepreneurship courses to be introduced into educational systems from secondary level, and for entrepreneurship to feature as a key skill in education and training programmes;
27. Stresses that, to address the skills shortage Europe is currently facing, urgent action is needed to speed up women's access to scientific and technological training and occupations, particularly in the new information and communications technology sector;
28. Calls on the Member States to promote a culture of internationalisation through information, the presentation of good practices and the provision of a platform for information exchange; urges them to provide skills development in the field of entrepreneurship with an international focus, to promote transparency as regards available support tools for start-ups, to support networking and exchanges that link young entrepreneurs with potential investors and business partners, and to provide operational advice and support even after the start-up phase in order to help them get through the critical early years and provide incentives for employment;
29. Emphasises the need to promote science, technology, engineering and mathematics (STEM) education and skills in the EU as a necessary means for meeting the increasing demands of businesses in the coming years and developing the innovators and entrepreneurs of tomorrow; stresses the need to address the declining rate of women participating in STEM subjects and to further expand the EU's talent pool;
30. Notes the positive impact on employment of vocational education systems which combine theoretical training with practical experience; stresses in this connection the importance of close cooperation between the private and public sectors and the involvement of the social partners;
31. Emphasises the importance of providing young Europeans with entrepreneurial education and encouraging entrepreneurial attitudes; in this context, notes the landmark role that the

European Institute of Innovation and Technology (EIT) plays in promoting an entrepreneurial culture through education, training and practice; notes that all the EIT's Knowledge and Innovation Communities actively promote entrepreneurship in their respective fields through the development of curricula that combine excellent science and innovation with entrepreneurial skills and experiences, thus preparing the entrepreneurs of tomorrow and infusing existing businesses with an innovative and entrepreneurial mindset;

32. Believes in the importance of promoting senior entrepreneurship as a means of engaging the senior population with significant business experience in the innovation process, thereby extending working lives and retaining indispensable skills in the labour market;
33. Supports EU initiatives which help SMEs access more financial resources with greater ease, on the grounds that they make for easier, faster access to funding for young and innovative companies, encourage Member States to adopt mechanisms to encourage innovation (e.g. tax credit mechanisms to fund research and innovation) and redress inequalities between Member States; supports initiatives seeking to encourage entrepreneurs whose businesses have failed, so as to offer them a second chance and not discourage risk-taking;
34. Considers that SMEs in Europe are very dependent on bank financing and that this increases their vulnerability; notes that there are real benefits in new forms of funding through innovative programmes and non-banking routes such as peer-to-peer loans, crowd funding, cooperative business models, microcredit and other tools which can provide vital investment for SMEs in order to create new jobs; considers that new forms of funding could be beneficial for young, dynamic companies that have problems accessing more traditional sources of funding because they are so new; welcomes the fact that the Commission acknowledges the potential of alternative sources of financing for starting up and taking over SMEs and that it is investigating the scope for providing a framework for, and supporting, these approaches; calls on the Commission to investigate how these sources of funding could be further leveraged to help micro-enterprises and SMEs, and to address the needs for regulation, education and research in this field; calls on the Member States, acting in cooperation with the social partners and other stakeholders at regional and local level, to identify strategic sectors suitable for projects with alternative financing, particularly in regions where the conventional economy cannot sufficiently meet specific economic and social needs;
35. Considers it extremely important for Member States to implement Directive 2011/7/EU on combating late payment in commercial transactions, under which, with regard to transactions between undertakings and public authorities, the contractual payment period must not exceed the time limits laid down in Article 4(3) unless otherwise expressly agreed in the contract and provided it is objectively justified in the light of the particular nature or features of the contract, and that it in any event does not exceed 60 calendar days;
36. Emphasises the need for rules to be simplified and harmonised, and for financial and tax incentives to be provided with a view to enabling angel investors, seed investors and venture capital investors to engage in cross-border funding of innovative businesses and

start-ups, and to establishing a European venture capital area; stresses how important it is to cut taxes on capital gains from investment in research-driven, innovative SMEs;

37. Urges the Commission and Member States to help the local authorities and SME associations promote local production and product quality, for example through the formation of business clusters for joint research and development projects;
38. Believes that innovation in SMEs is an important route to job creation; points out that it is essential that, in order to successfully participate in the innovation system, SMEs are in the driving seat with regard to their innovative activities and that support is better tailored to their real needs;
39. Calls on the Commission to conduct SME tests transparently and properly when developing legislation and to propose, as a matter of urgency, lighter regimes and exemptions across a wider range of legislative proposals in order to significantly reduce costs for SMEs;
40. Emphasises that non-innovative and established SMEs looking to expand into new markets or to transfer their ownership often also need public support in order to secure the necessary financing;
41. Welcomes the creation of an SME instrument under the Horizon 2020 programme enabling SMEs to access financial and non-financial support to implement innovative ideas; calls on the Commission to bring in the instrument, as of 2014, in the most SME-friendly way, through a single dedicated agency, allowing for the genuine ‘bottom-up’ submission of projects and supporting all types of innovation, including non-technological and social innovation;
42. Emphasises that all measures to support SMEs should be applicable to self-employment, especially as regards the different types of social security systems, the expected benefits of them and the prevention of risks at work;
43. Believes that action should be taken to simplify and reduce the burden imposed by each of the top 10 most burdensome regulations for SMEs;
44. Welcomes the reduction of REACH registration fees for SMEs, even though fees represent a fraction of the overall compliance costs; is extremely concerned, however, that initial cost estimates from REACH were underestimated, with this difference already amounting to over EUR1 billion – a figure that will continue to rise;
45. Emphasises the fact that, in addition to its role as a platform for social communication, the internet’s role as a platform by which all citizens can launch a service or innovative product targeted at any other citizen, as well as help raise the necessary funding, is a core principle of the Digital Single Market, and calls for remaining barriers to cross-border trading to be removed as far as possible; notes how important the digital economy is when it comes to creating jobs and SMEs, especially in sectors in which Europe is traditionally strong, such the creative industries, cultural heritage and tourism; considers that completion of the digital single market will favour the support and development of SMEs; considers it necessary to ensure that the necessary qualified ICT staff is available and that

the European public possesses the digital skills necessary to make use of ICT technology; stresses that personal integrity and protection of commercial data should always be guaranteed;

46. Stresses the opportunities that ICT technologies play in enhancing productivity and competitiveness; emphasises the need for the potential of the digital single market to be unleashed, and points out that the cost of creating an innovative ICT start-up has fallen by a factor of 100 in the last 10 years, mainly as a result of technologies such as ultra-fast and ubiquitous broadband, cloud computing, open source software, open data and access to public sector information;
47. Emphasises the need to avoid placing disproportionate regulatory burdens on SMEs; believes the Commission must do more to fulfil its 2011 commitment to propose lighter regulatory regimes for SMEs;
48. Considers that completion of the digital single market will favour the support and development of SMEs; considers it necessary to ensure that the necessary qualified ICT staff is available and that the European public possesses the digital skills necessary to make use of ICT technology;
49. Stresses the need to improve overall business efficiency through projects and instruments which make it possible to confront the challenge of energy recovery with a view to encouraging reduced energy costs;
50. Believes micro-businesses should benefit from automatic exemptions and only be included in regulations that benefit them;
51. Believes that the Commission and the Member States should promote schemes that would enable easier access to the labour market for professionals entering it for the first time, especially by reducing the complexity and cost of becoming self-employed, including cutting indirect labour costs; in this spirit encourages the establishment of a European definition of the ‘auto-entrepreneur’ for activities related to the European digital economy;
52. Stresses the need to strengthen EU rules concerning product traceability so as to combat counterfeiting and create an effective means of encouraging the development of SMEs.
53. Stresses that fundamental workers’ rights and occupational health and safety should not be jeopardised by the reduction of documentation and reporting obligations;
54. Highlights the fact that eGovernment is particularly beneficial for entrepreneurs (particularly SMEs, who often face insurmountable barriers when operating across borders within the EU), as it brings reduced administrative costs and burdens, increased productivity, efficiency, competitiveness, transparency, openness, policy effectiveness, accessibility and streamlining of procedures;
55. Believes that the Commission’s recent communication on Regulatory Fitness (REFIT) should be the start of a more ambitious drive to build a more competitive EU by reducing the cost of regulation for business by means of simplifying initiatives, fitness checks and withdrawals and repeals of legislation.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	28.11.2013
Result of final vote	+: 38 -: 7 0: 1
Members present for the final vote	Josefa Andrés Barea, Jean-Pierre Audy, Ivo Belet, Jan Březina, Giles Chichester, Jürgen Creutzmann, Pilar del Castillo Vera, Christian Ehler, Vicky Ford, Adam Gierek, Norbert Glante, Fiona Hall, Kent Johansson, Romana Jordan, Krišjānis Kariņš, Philippe Lamberts, Bogdan Kazimierz Marcinkiewicz, Angelika Niebler, Jaroslav Paška, Vittorio Prodi, Miloslav Ransdorf, Herbert Reul, Teresa Riera Madurell, Jens Rohde, Paul Rübig, Salvador Sedó i Alabart, Francisco Sosa Wagner, Konrad Szymański, Patrizia Toia, Evžen Tošenovský, Catherine Trautmann, Ioannis A. Tsoukalas, Marita Ulvskog, Vladimir Urutchev, Adina-Ioana Vălean, Alejo Vidal-Quadras
Substitute(s) present for the final vote	Rachida Dati, Roger Helmer, Jolanta Emilia Hibner, Seán Kelly, Holger Krahmer, Werner Langen, Zofija Mazej Kukovič, Alajos Mészáros, Vladimír Remek, Silvia-Adriana Țicău

28.11.2013

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Employment and Social Affairs

on 'How can the European Union contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs?'
(2013/2176(INI))

Rapporteur: Karin Kadenbach

SUGGESTIONS

The Committee on Regional Development calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Stresses that the cohesion policy for the 2014-2020 period is an important and effective instrument for creating smart, sustainable and inclusive growth and achieving the Europe 2020 targets while supporting, through a wide range of measures and innovative financial instruments, the start-up and development of small and medium-sized enterprises (SMEs), including micro-enterprises, as one of the main job creators in the EU;
2. Asks Member States and regions to put effective information and support systems in place so as to enable micro-enterprises and SMEs to benefit from EU funding, and also to adopt ambitious measures as part of the joint risk-sharing mechanism by blending EU budgetary resources, i.e. from COSME, Horizon 2020 and the European Structural and Investment (ESI) Funds; notes, furthermore, that the economic and financial crisis has made it hard for micro-enterprises and SMEs to obtain bank loans, and emphasises, therefore, the role of financial instruments as a new means of supporting SMEs in the 2014-2020 programming period;
3. Stresses the possibilities for micro-enterprises and SMEs to gain access to finance through innovative financial instruments and innovative schemes provided by the ESI Funds and points out the need to increase the scope and guarantee the legal clarity of these instruments, including flexible micro-financing instruments, and to share best practices, given that difficulties in accessing finance are one of the main obstacles standing in the way of the growth of micro-enterprises and SMEs; recalls that the role of financial instruments could be strengthened to guarantee revolving funds, foster public-private partnerships and achieve a multiplier effect with the EU budget; welcomes, in this

connection, the extension of the scope of financial instruments to include all thematic objectives and all ESI Funds in the 2014-2020 programming period;

4. States that it is of the utmost importance for the EU's social cohesion to tackle the high unemployment rates, in particular among young people and other vulnerable groups, in the EU by boosting regional competitiveness and employment and fostering an entrepreneurial spirit; calls, therefore, on the Member States to use the ESI Funds to focus on creating sustainable jobs and business opportunities by providing a hospitable environment and the right regulatory framework for micro-, small and medium-sized enterprises, businesses and start-ups;
5. Notes that the ESI Funds provide support for authorities and stakeholders at the local, regional and national levels to foster, inter alia, work-based learning, research, development and innovation and to improve the competitiveness of micro-enterprises (especially one-person businesses) and SMEs, through cooperation with science and research facilities, thereby helping to tackle the current economic and social challenges, in particular the high unemployment rate;
6. Stresses that efforts to support growth, innovation and job creation in a sustainable economy should guarantee health and safety standards and ensure a balance between economic, social and environmental requirements, while supporting, inter alia, smart specialisation, respecting the ecosystem and leading to adequately paid, quality jobs in all regions of the EU; underlines, in this connection, the important role to be played by businesses and the education sector through cross-border projects, cooperation between universities and other high-quality educational institutions and the creation of innovative 'clusters'; calls for local and regional funding programmes for apprenticeship training to be facilitated;
7. Points out that the ESI Funds have an important role to play in supporting employment and concrete projects aimed at enhancing entrepreneurial, enterprise and creative skills, including those of young people; underlines the need for all Member States and regions to make full use of this opportunity in order to tackle youth unemployment; stresses that, through the ESI Funds, local and regional authorities should pay particular attention to promoting entrepreneurship at local and regional level, including a focus on start-ups by young people;
8. Points out that the provisions of the regulations for the 2014-2020 cohesion policy period aim to reduce the administrative burden on micro-enterprises and SMEs, particularly as regards the activation of unemployed people, thereby contributing to better conditions for job creation; calls on the Member States to do away with the obstacles standing in the way of better implementation of the ESI Funds for the benefit of micro-enterprises and SMEs.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	28.11.2013
Result of final vote	+: 31 -: 0 0: 0
Members present for the final vote	Luís Paulo Alves, Victor Boştinaru, Nikos Chrysogelos, Rosa Estaràs Ferragut, Brice Hortefeux, Danuta Maria Hübner, Vincenzo Iovine, Seán Kelly, Mojca Kleva Kekuš, Jacek Olgierd Kurski, Petru Constantin Luhan, Iosif Matula, Erminia Mazzoni, Miroslav Mikolášik, Jens Nilsson, Lambert van Nistelrooij, Jan Olbrycht, Younous Omarjee, Markus Pieper, Tomasz Piotr Poręba, Monika Smolková, Georgios Stavrakakis, Nuno Teixeira, Oldřich Vlasák, Hermann Winkler, Joachim Zeller
Substitute(s) present for the final vote	Karin Kadenbach, James Nicholson, Elisabeth Schroedter
Substitute(s) under Rule 187(2) present for the final vote	Jill Evans, Carmen Romero López

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	3.2.2014
Result of final vote	+: 30 -: 2 0: 4
Members present for the final vote	Regina Bastos, Edit Bauer, Jean-Luc Bennahmias, Phil Bennion, Pervenche Berès, Philippe Boulland, Milan Cabrnoch, Alejandro Cercas, Derek Roland Clark, Minodora Cliveti, Marije Cornelissen, Sari Essayah, Thomas Händel, Marian Harkin, Nadja Hirsch, Ádám Kósa, Jean Lambert, Verónica Lope Fontagné, Olle Ludvigsson, Thomas Mann, Elisabeth Morin-Chartier, Csaba Öry, Konstantinos Poupakis, Sylvana Rapti, Elisabeth Schroedter, Nicole Sinclair, Jutta Steinruck, Andrea Zanoni
Substitute(s) present for the final vote	Claudette Abela Baldacchino, Edite Estrela, Sergio Gutiérrez Prieto, Jan Kozłowski, Anthea McIntyre, Evelyn Regner
Substitute(s) under Rule 187(2) present for the final vote	Salvatore Caronna, Emilio Menéndez del Valle