

Wednesday 16 February 2011

## **Practical aspects regarding the revision of EU instruments to support SME finance in the next programming period**

P7\_TA(2011)0057

### **European Parliament resolution of 16 February 2011 on practical aspects regarding the revision of EU instruments to support SME finance in the next programming period**

(2012/C 188 E/02)

The European Parliament,

— having regard to Rule 110(2) of its Rules of Procedure,

- A. whereas the 23 million small and medium-sized enterprises (SMEs) in the EU, which account for around 99 % of all businesses and provide over 100 million jobs, make a fundamental contribution to economic growth, social cohesion and job creation, are a major source of innovation and play a vital role in sustaining and increasing employment,
- B. whereas SMEs' limited ability to access finance is a major impediment to their creation and growth, and whereas the current financial and economic crisis has exacerbated this problem,
- C. whereas European financial markets in many areas are currently unable to provide SMEs with sufficient finance for varying reasons, even if traditional forms of SME lending have remained quite stable throughout the current crisis; whereas efforts are needed to rule out any lessening in future of the willingness of banks to finance SMEs, as a result of the ongoing reforms of international banking regulations and their implementation in Europe,
- D. whereas the European SME sector is very heterogeneous and comprises a huge number of micro-enterprises, family businesses that are working successfully in traditional sectors, and a growing number of new start-ups and fast-growing high-tech and highly innovative enterprises; whereas all these different business models have different problems and, therefore, different needs as regards access to finance; whereas SMEs with a high leverage ratio (high degree of debt financing) are much more vulnerable in the event of a crisis or if their riskier projects run into difficulties,
- E. whereas an increasingly capital- and risk-sensitive banking sector is imposing stricter conditions on loan financing, including higher collateral requirements and risk premiums, and whereas banks are increasingly reluctant to finance riskier business projects, involving start-ups, innovative products and even business transfers, by granting traditional loans,
- F. whereas highly innovative and fast-growing companies are crucial to the future competitiveness of Europe's economy and to job creation, especially in those markets driving the transition to a resource-efficient economy,
- G. whereas statistics indicate that European SMEs remain less likely to consider the option of equity financing than, for example, their US counterparts,
- H. whereas many financial intermediaries at European and national level are deterred by the administrative burdens created by complex European financial regulations and by the policy and operational guidelines for European financing programmes,
- I. whereas the European institutions will now have to evaluate and review the current instruments to support SME finance, looking ahead to the next programming period in the context of the next multiannual financing framework,

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### ***Strengthen functioning SME finance schemes***

1. Notes that a large number of SMEs will continue to depend mainly on credits and loans when it comes to external financing; is concerned that an increasingly capital- and risk- sensitive banking sector is asking for more collateral and higher risk premiums, both requirements resulting in insufficient financing and missed business and employment opportunities in this very large sector of the economy; regards, therefore, the availability of credit and loan guarantee schemes as crucial to exploiting the growth and job potential offered by SMEs; sees a need to leverage existing programmes at national and EU level and endorses the important role played by EIB SME loans;

2. Points out that the establishment of higher equity capital requirements for banks, as proposed by the Basel Committee, should take into account the interests of SMEs;

3. Welcomes the creation of a new EU microfinance facility for employment (Progress Microfinance Facility), which increases the opportunities for those wishing to start up businesses around the EU; notes that there is a potential market gap in terms of supply and demand for microcredit in the EU; recognises the need for funding of microcredit providers, as financial support would help this activity to become sustainable and would enable the facility to respond to the growing demand from microborrowers; stresses that the Union must encourage small-scale investment, give microenterprises the chance to grow and, in particular, support those groups – for example, young entrepreneurs – that are having difficulties finding borrowing opportunities for their business ideas;

4. Strongly supports the continued implementation of guarantee instruments in the framework of the Competitiveness and Innovation Programme (CIP), the Risk-Sharing and Financing Facility under FP7 and the Structural Funds (JEREMIE), with the aim of enhancing SME lending, and under the JASMINE initiative to support micro-finance institutions; points out that their proper implementation is currently being hindered by overly complex administrative procedures; asks the Commission to make it easier to use the Structural Funds in connection with SME finance instruments, particularly to finance revolving funds for guarantee schemes, whilst avoiding the creation of structures which duplicate existing schemes, e.g. at national level;

5. Takes the view that funding for the CIP in particular is insufficient and that the programme should be assessed in terms of its coverage; calls on the Commission and the Member States to make provision for more effective funding of innovative financial instruments under the next multiannual financial framework;

6. Calls for a significant increase in funding for innovative financial instruments under the EU budget to cater for the financing needs of SMEs, and, in the light of the Europe 2020 Strategy and cross-sectoral flagship initiatives, encourages the implementation of joint instruments with the EIB Group, in particular through risk-sharing schemes; calls for future programmes to be endowed with the flexibility needed to avoid recourse to inappropriate one-size-fits-all solutions;

### ***Address market failures***

7. Stresses the need for start-ups and innovative enterprises to have better access to equity- and quasi-equity-based financial instruments, which are not yet provided to a sufficient degree by the market; asks the Commission to ensure that the next generation of programmes place a stronger emphasis on mezzanine financial instruments and to support them with risk-sharing funds and facilities;

8. Notes that highly innovative and fast-growing companies need access to larger European venture capital and bond markets, urges the Commission to take the initiative in removing the barriers to the development of European venture capital and bond markets, to expand risk-sharing facilities for investments in equity, to support issues of pooled corporate bonds and to encourage the Member States to support the activities of business angels by providing tax incentives to investors;

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9. Notes that the current structure of SME finance in many European countries on both the demand and the supply side is strongly influenced by taxation and support systems, which provide strong incentives for debt financing and disincentives for equity financing; calls on the Commission to take initiatives to increase awareness of the problems created by the wrong incentives which the regulatory framework provides and to encourage Member States to carry out the necessary reforms;

#### ***Remove administrative barriers***

10. Is concerned at the complexity of EU financial regulations and guidelines for European financial instruments, in particular when European funds and programmes are used to support individual enterprises through the provision of relatively small amounts of funding; considers that the expense in terms of time and money involved in complying with these regulations is out of all proportion to the benefits for the final recipient of the funding; calls for streamlined management, administrative and reporting efficiency and cost-effectiveness in connection with innovative financial instruments; insists that banks, intermediaries and beneficiaries must not be discouraged or deterred from using programmes and funds by the administrative burdens involved; asks the Commission to propose simplified and less costly regulations and guidelines, especially for programmes intended to support low-volume SME finance in the form of guarantees and mezzanine or equity instruments;

11. Welcomes the establishment in 2010 of the SMEs Finance Forum and urges the Commission to further improve cooperation with national development banks and commercial banks in order to pool experience, exchange best practices, develop synergies and identify ways in which EU SME financing programmes can be simplified and streamlined;

12. Points out that at present SME financial support measures form part of many different EU programmes, such as the CIP, the Structural Funds (JEREMIE), FP7 and others, and notes a lack of coherence between these programmes; calls on the Commission to establish greater coherence between the various programmes providing guarantees and a good balance between national and EU schemes supporting the financing of innovation or the provision of venture capital to SMEs; urges the Commission to create a one-stop shop for the various EU financing instruments aimed at SMEs;

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13. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.

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## **Adequate, sustainable and safe European pension systems**

P7\_TA(2011)0058

### **European Parliament resolution of 16 February 2011 on 'Towards adequate, sustainable and safe European pension systems' (2010/2239(INI))**

(2012/C 188 E/03)

*The European Parliament,*

— having regard to the horizontal social clause in Article 9 of the Treaty on the Functioning of the European Union,

— having regard to the Commission Communication of 7 July 2010, 'Green Paper, towards adequate, sustainable and safe European pension systems' (COM(2010)0365),