**Opinion of the Economic and Social Committee on:**

— the ‘Communication from the Commission — Challenges for enterprise policy in the knowledge-driven economy’, and

— the ‘Proposal for a Council decision on a Multiannual Programme for Enterprise and Entrepreneurship (2001-2005)’

(2001/C 116/04)

On 31 May, the Council decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 8 November 2000. The rapporteur was Mr Malosse and the co-rapporteur was Mr Sepi.

At its 377th plenary session on 29 and 30 November 2000 (meeting of 29 November) the Economic and Social Committee adopted the following opinion unanimously.

1. **The general context of the proposals**

1.1. The European Commission is referring a comprehensive communication to the Council, the Parliament, the Committee of the Regions and the Economic and Social Committee to accompany a new multiannual programme on enterprise policy (this follows on from the previous multiannual programmes for SMEs).

1.2. The present document coincides with several important events.

1.2.1. The Lisbon European Council on 23 and 24 March 2000 gave the Union the objective of ‘becoming the most competitive knowledge-driven economy in the world’. In the summit’s conclusions, there are numerous references to the role of enterprises and, in particular, to small enterprises in achieving this objective.

1.2.2. The European Charter for Small Enterprises, approved by the Feira European Summit in June 2000, represents a major commitment by the Heads of State and Government to enterprise policy in the knowledge-driven economy. As the Committee advocated in its own-initiative opinion⁽¹⁾, the Charter provides for performance indicators to evaluate progress.

1.3. It is therefore important to assess how consistent the Commission’s initiative is in relation to the Lisbon summit’s conclusions and to the European Charter for Small Enterprises. The need to be consistent applies as much to priorities for action as to methodology. Indeed, the Lisbon European Council recommended a new method of Community action that puts the emphasis on co-ordinating national public policies rather than European initiatives which would be added on to actions at national level.

1.4. Enterprise policy can no longer be considered as an economic lever. The spirit of enterprise, together with the social and integrating role that enterprises play, are recognised as being fundamental values of society. Given the current repositioning of the role of government and the promotion of the individual’s rights and freedoms, with the notion of civil society coming to the fore, the enterprise, as an organisational form of civil society, is seen to be both as economic actor and as an integral part of society. The Committee has adopted this cultural, social and economic approach to its discussions.

2. **Analysis of strategic options**

2.1. All the documents submitted are based on priorities which are well-known and were identified a long time ago:

— to promote entrepreneurship as a valuable and productive life skill, based on customer orientation and a stronger culture of service;

⁽¹⁾ OJ C 204, 18.7.2000.
— to encourage an environment that takes account of the demands of sustainable development, and in which research, innovation and entrepreneurship can flourish;

— to improve the financial environment for SMEs;

— to enhance the competitiveness of SMEs in the knowledge-based economy;

— to ensure that business support networks and services to enterprises are provided and co-ordinated.

2.2. In order to prioritise the strategic options and with a view to making their operational implementation as close to enterprises as possible, it would be appropriate to:

— make explicit reference to the Charter for Small Enterprises approved by the Feira European Summit. In this Charter the Heads of State and Government mention the multiannual programme as an instrument to achieve the agreed objectives. To this end, in accordance with the statement of the Heads of State and Government, the Committee recommends a method similar to the Cardiff process and the Luxembourg process in terms of employment, i.e. setting quantifiable objectives and ensuring their achievement by joint actions between the European Union and the Member States and requesting the Commission to make an annual assessment of progress made at the European Summit held each spring;

— to make additional allowances for the ongoing need to support the implementation of these priorities by developing lifelong business advisory services for enterprises and by supporting their potential to innovate;

— finally, to determine carefully for each priority the European Union's role, in particular that of the Commission, the responsibilities of Member States and those directly incumbent on enterprises and intermediary assistance and advisory organisations which will have to be strengthened.

2.3. The communication's financial statement singles out new information technology enterprises or 'start-ups' for special treatment. Without belittling the importance of this strong growth potential sector, the 'high risk' factor in terms of capital and social implications of this sector and the strategic danger of focusing too much on a specific sector must be taken into account. Furthermore, the Committee is convinced that significant opportunities to create sustainable, skilled jobs are not only to be found in high-tech sectors, such as information technology, but also in traditional sectors, if they can take advantage of the knowledge-based economy, use the new information technologies and be innovative.

3. Analysis of priority themes

A more practical presentation of the priorities for entrepreneurs would undoubtedly be more instructive. In this respect, greater emphasis could be put on the following operational objectives.

3.1. To be effective, simplifying the administrative environment requires action to be taken on the basis of business needs and not just by public administrations. The objective of promoting 'no formalities' for company founders could be achieved using good practice. The work of the ESC's Single Market Observatory should be taken into consideration, as it has focused on the numerous obstacles that still hinder the proper working of the internal market in particular for SMEs. This would be a practical goal, commensurate with the means available to the European Commission in conjunction with Member States. The goal would be to bring to life the single market and its opportunities for small businesses, in accordance with the objectives that should be included in the European Charter. The European Commission should take the lead in this field, particularly with respect to access procedures to its research and development programmes, which company executives think of as real headaches.

3.1.1. Simplifying administrative procedures must not change the nature of legislation, for society and citizens, particularly in the social sphere and the environment.

3.2. To update European competition policy in order to ensure that all enterprises, whatever their size, are treated equally: relationships between suppliers and clients, combating excessively long deadlines for payment, more effective control of concentration and better assessment of its effect on competition, monitoring the risks of oligopolies or monopolies developing, particularly in the tourism or trade sectors. In this context, it is important to ensure that a wide range of enterprise types exist and that the individual enterprise is able to survive as an invaluable unit to enable women and men to be successful.
3.3. To promote more equal opportunities for all European enterprises by supporting a more business-oriented environment across the Union, in particular as far as tax is concerned, that gives greater encouragement to risk-taking, investment and job creation. In this way, for example, bankruptcy law should be reviewed so that a first failure is not crippling and can be easily overcome, as is the case in other countries. The European Union must guarantee that there is real harmonisation of the legal and tax arrangements throughout its territory, tending to the measures most advantageous to investment and job creation, in order to avoid excessive distortion from one country to another.

3.4. To combine efforts aimed at the creation and transfer of enterprises, which is a major factor in improving the quality and increasing the percentage of the active population in Europe. This objective is one of the top priorities of the European Charter for Small Enterprises. All levels of government, trade and economic organisations, banks and other investment institutions, associations and the co-operative sector are all equally concerned by these efforts. In this respect, the European Union’s role could be decisive: to identify and improve best public practice that helps to create and transfer enterprises (no formalities, appropriate taxation, bankruptcy law giving a second chance, transfer of enterprises, etc.); and conversely, as the European Charter recommends, to draw attention to ‘bad practice’ (costly registration, lengthy waiting times), to organise a European network of initiatives undertaken by groups of enterprises to support project initiators; to help ‘business angels’ (private investors); to support the development of entrepreneurship among young people by encouraging enterprises themselves, intermediaries, youth movements and the educational establishment, to facilitate the creation of enterprises by women, young people and marginalised groups. One of the objectives of this initiative would be to make such services available to all project initiators in Europe with immediate openings to the European market.

3.5. To support, in parallel with the European research area, a European innovation area with the specific aim of harnessing the potential of undeveloped innovations to small and medium-sized enterprises (particularly in traditional sectors) and to ensure that knowledge is disseminated to these enterprises from centres of knowledge (universities, research centres or other — especially larger — enterprises).

3.5.1. In its opinion on the Commission Communication entitled Towards a European research area (1) the Committee has already made clear recommendations on this complex of issues and has not only pointed to the decisive importance of basic research for future innovation but also stressed the importance of the transfer of knowledge between knowledge centres and industry.

3.5.2. This would primarily involve fostering a climate of co-operation among academics, researchers and the business world. Favourable structural conditions are needed to underpin this climate of co-operation: a network of intermediaries, university incubators with the participation of professionals, greater involvement of entrepreneurs in defining and advising on research priorities, etc.

3.5.3. It is particularly important to promote mobility between industry, on the one hand and, on the other, the universities and research centres.

3.5.4. One of the greatest difficulties encountered in European research is finding ways to prolong joint transnational projects set up by European partners during European programmes. On this issue, the Committee recommends that a study into a European initiative be carried out, bringing together public and private capital, the regions, Member States and the European Union to support the creation of enterprises or joint enterprises initiated by European research projects, for which the JEV programme (support for joint ventures between European SMEs) might be a particularly suitable vector.

3.6. To promote suitable education and lifelong training. There is an increasing lack of skilled manpower in a growing number of sectors. A co-ordinated response at European level, as part of a plan to develop mobility, could meet the future needs of enterprises in this area. Such a response, which is a matter for governments, trade and economic organisations and for enterprises themselves, could take various forms: to make levels of skills and experience more comparable in order to enhance mobility; to organise apprenticeship training Europe-wide; to adapt the present technical and financial international mobility support programmes to meet the requirements of job opportunities for young people whatever their level of training; to improve the co-ordination of patterns of study; to develop programmes for the exchange of good practice; to facilitate language learning. Ongoing emphasis must be placed on training in enterprise creation, at all ages, for women and minority groups. It has been demonstrated that an important part of American growth in recent years has been due to the entrepreneurship of these categories. The
multiannual programme should thus make the measures intended to foster entrepreneurship and enterprise creation more explicit, particularly as far as educational systems and universities are concerned. This effort should include setting up co-operation networks to link universities with the business world.

3.6.1. The question then arises of how far these training and apprenticeship measures can be dealt with by enterprises alone, which highlights the need for them to be included among the priorities of the European Union. These actions should be implemented in liaison with actions at Member State level, which aim to reorganise apprenticeships and assimilate the requirements of mobility.

3.7. To improve, at European level, networks and co-operation between enterprises as a favoured means of helping small enterprises to meet the challenges of internationalisation and technological development. The Union’s current pilot instruments (Interprise for business to business introductions, JEV for support to joint ventures) have been very successful in recent years and contribute to facilitating co-operation between European SMEs, which is an indisputable factor of integration and cohesion. The European Commission recognises the success and worth of these actions in terms of meeting real needs, their cost/benefit ratio and European value added. At the same time, however, the Commission suggests abandoning them, as too few enterprises are involved. Insufficient use might be due to redtape or to these tools being little known and in need of updating. Would it not therefore be better to find the means with professional organisations and the Member States to implement them more widely? The Union is in the best position to launch initiatives to nurture strategic alliances, co-operation and networks. On this subject, the Committee also emphasises its concern for good governance: if a particular programme is modified or suspended, this must be subject to prior discussion with the operators and to sufficient advance notice. The brutal suspension, with no explanation, of some procedures (Interprise and ECIP in non-EU markets) created a deep feeling of unease and a loss of confidence in the European Commission.

3.7.1. When implementing this type of initiative, there should be a constant preoccupation with simplifying procedures, failing which enterprises directly involved in the procedural aspects will lose interest, however worthwhile and relevant the actions are.

3.7.2. The Committee thus recommends that the Luxembourg European Summit initiative on growth and employment intended to foster entrepreneurship and enterprise creation be given a higher priority in the multiannual programme by integrating it with the JEV programme, with adequate budget allocations for the three strands, to continue the Interprise programme, reworked to improve management by increasing, for example, the scale of events, with an intermediary format between Interprise, which is effective but too limited, and Europartenariat, which is not so effective but better known. The Committee recommends:

— simplifying and using professional organisations on the ground instead of abandoning them;

— undertaking ‘benchmarking’ actions to exploit the best forms of co-operation between enterprises (clusters, joint ventures, sub-contracting, etc.) including those between large and small enterprises.

3.8. To support the development of networks of services to enterprises and future entrepreneurs, which should be notable for their transparency, openness and quality; such services have proved worthwhile in the Member States and it would be timely to organise them into a European network. In this connection, the Committee also deplores the Commission’s silence on programmes that enable European SMEs and their representatives to participate in European standardisation work (NORMAPME). This instrument is, however, essential for integrating small enterprises into the single market, as recommended by the European Charter. The Committee therefore suggests that this action be continued, even if its management has to be simplified.

3.9. To promote, at European level, good practice in terms of the enterprise’s social and cultural integration (integration in the local environment, in-depth social dialogue, gender equality, integration of minorities, financing micro-enterprises etc.).

3.10. To concentrate Community action in the financial field on co-operation between enterprises, on local capital or ‘business angels’ as innovative methods. Nowadays it is not capital, but a climate of confidence between investors and the
initiators of projects for development or creation that needs to be supported. The question would be to facilitate the setting up of innovative schemes between the economic and banking worlds, the development of financial engineering methods and to enhance mutual backing by taking up structural funds. The overall effect should be to create the conditions whereby the SME system can access capital, develop a new approach and new follow-up systems to reduce business risk.

3.11. In this context, a 'seed capital' action which finances monitoring is preferable to capital allocations from the Community budget, which would be difficult to justify at present. Generally speaking, moreover, some of the European Commission’s proposals seem to focus too much on the ‘high tech’ sectors, whereas it is the introduction of the knowledge-based economy into the most traditional sectors that offers the best opportunities for creating sustainable, skilled jobs, etc.

4. The choice of methods

It is in this area that the Committee looks forward to the most substantial changes to complement and flesh out the details of the Commission’s proposal. The Committee considers that, faced with both the lack of entrepreneurial spirit in Europe generally and the political impetus given by the Heads of State and Government at the Lisbon and Feira summits, the multiannual programme should be used as an instrument to usher in a European area for the spirit of enterprise and knowledge, based on the political objectives laid down in the Charter. In the Committee’s view, the following improvements should be incorporated into the programme:

4.1. An explicit reference to the European Charter for Small Enterprises with resources to implement it. In this respect, the Committee recommends, following the Feira Declaration of Heads of State and Government, that the Commission should draft proposals with quantifiable objectives for a limited number of priorities, based on the BEST exchanges of good practice. It is important to transform BEST into a method with real incentives, aimed at banishing bad practice and crediting best world-wide practice. All parties to this exercise must have a role clearly defined over four stages:

— enterprises and economic and social organisations participate in analyses which will determine the objectives to be achieved;

— the Commission identifies good and bad practices and defines objectives in consultation with the Member States;

— the Member States, together with enterprises and their economic and social organisations, implement programmes to achieve the objectives;

— finally, the European Commission, with support from the economic and social organisations, assesses the results obtained.

4.2. To define more clearly the role of the European Commission’s DG Enterprise as guarantor of the spirit of enterprise and the knowledge-based economy in relation to other European policies. Among this DG’s priority tasks should be included follow-up to the real impact assessment of all the Union’s new legislative and operational initiatives, in order to evaluate accurately their contribution to a European area for the spirit of enterprise and knowledge-based society. In its opinion on simplifying rules in the single market (1), the Committee recommends that ‘these assessments must henceforth be undertaken in conditions that fully guarantee their independence and quality and include a systematic examination of alternatives to regulatory measures (i.e. contractual agreements, self-regulation and co-regulation), together with rigorous assessment of the contribution which the proposed legislation will make to simplification, and should be made public’. This activity will only be possible with the full involvement of enterprises and economic and social organisations. Should the European Commission be unable to perform these tasks effectively, the Committee puts forward, as an alternative proposal, the idea already mooted, of studying the example in the United States of an ‘Advocate General for small companies’, whose work would be completely independent.

4.3. Details about the places, means and platforms for co-ordination which would make it possible to incorporate enterprise policy priorities into other areas of Community

action: internal market, research and development, economic and social cohesion, environment and consumer protection. As far as 'co-ordination with other programmes' is concerned, it would be worthwhile to set out in greater detail the types of co-ordination which would be preferred, particular in relation to research-development programmes, structural actions and cross-border co-operation and, lastly, to training and mobility programmes. As instruments are sectoral and thematic, no single instrument allows for comprehensive intervention in an enterprise's strategy. The multiannual programme, despite the modest amounts allocated for it in the budget, might be used as a tool to facilitate access, in particular for micro and small enterprises, to programmes such as the RTD Framework Programme, Interreg, ERDF or Leonardo.

4.4. More direct support for enterprises, improving local, quality services which are spread across Europe and which offer a complete range of services throughout the development phases, in order to give small and medium-sized local enterprises quality services that are reasonably priced and easy to access. With this in mind, the Euro-Info-Centres (EIC) network should be strengthened as an embryonic form of a true European business services network. The Euro-Info-Centres network should also allow the Commission to stay in touch with the grassroots and understand the expectations of businesses.

4.4.1. The Committee would also call for the implementation of measures to back up business support and advice structures.

4.5. A clear reference for each proposed action, with Community value added. It would seem more rational to structure them around the political objectives set out at the Lisbon and Feira summits (spirit of enterprise, internationalisation, knowledge-based society, etc.) and to envisage a working framework in which the Member States and professional organisations decide on pilot projects to be carried out Europe wide, networking at European level and, finally, what can and must be left to national and local initiative. A framework of this kind would make it possible to review the Commission's operational choices, which are not always appropriate. In this way, actions to foster the European network should be given priority and structural actions, particularly in the financial field, should be advocated for national and local authorities and private and professional operators.

4.6. To add to the Communication, which is vague and imprecise, a detailed action plan to be updated and sup-plemented annually. This action plan would set out in detail the practical measures to be taken, the (national and Community) resources made available and the beneficiaries.

4.7. The use of indicators set out in a scoreboard with details about operational and legislative actions undertaken at each level, particularly national and European, that entrepreneurs can easily read and understand? This scoreboard will become the follow-up instrument for the European Charter for Small Enterprises and the annual report, which the Committee advocated in its own-initiative opinion adopted on 24 May 2000 (1) and which the Feira Council instituted. This scoreboard will be submitted each year to the European Parliament and the Economic and Social Committee. The comments and suggestions will be used to update the action plan.

4.8. To adapt the programme to the socio-economic realities of the applicant countries, where the spirit of enterprise is still thwarted by both a past of government control and behaviour which is tantamount to corruption.

5. Consultation and participation of the social and economic actors

5.1. Success will only be achieved through direct involvement of the relevant actors in the definition of priorities, the follow-up of projects and their accomplishment. The example given by the failure of successive attempts by the Union to reduce red tape is glaring proof of this. The promotion of entrepreneurship at European level must also involve the real and ongoing participation of the parties concerned. Economic and social organisations in Europe have essential responsibilities in implementing these actions (information, training) and will have even more in developing self-regulation. It is worrying that the Council's draft decision envisages a management committee only made up of representatives of the Member States, i.e. the administrations. We also consider that the proposed evaluation report should be produced annually and referred to the Economic and Social Committee for consultation.

(1) OJ C 204, 18.7.2000, p. 57.
5.2. In the first instance, the economic and social actors can be consulted through the Economic and Social Committee. It would also be a good idea for the Commission to bring together in a regular, structured manner, the main European economic and social organisations concerned, taking into account the real economic and social influence of their members, by setting up an 'Enterprise Policy Group', with membership varying according to the subjects discussed. It is essential for membership of this group to be a true reflection of the business world in all its aspects, including trade unions, and with the participation of other players, for instance from the fields of science and education.

6. **Recommendations**

6.1. Having regard, in particular, to:

- the conclusions of the Lisbon summit;
- the Economic and Social Committee's own-initiative opinion on the European Charter for Small Enterprises;
- the conclusions of the Feira European summit and the European Charter for Small Enterprises adopted by the Heads of State and Government;
- the outcome of a hearing of business leaders and trade organisations held in Metz on 5 October 2000 at the Moselle Chamber of Commerce and Industry.

6.2. The Economic and Social Committee calls for a strengthening of the spirit of enterprise. It approves the Commission's proposal, on condition that it includes more precise commitments and a detailed action plan to be updated annually. In general, the Committee considers that the European Commission's proposal needs to be widely supplemented and revised on a number of points.

6.3. No practical measures for consulting economic and social organisations are planned. The Committee urges that the European Union's enterprise policy be subject to ongoing, in-depth consultation with economic and social actors through the organisations that represent them, at all levels of preparation, implementation, follow-up and assessment of actions.

6.4. The Committee calls on the Council to adopt this programme and to make explicit reference to the Feira Charter. The Committee hopes that the European Commission, using the example of the Luxembourg and Cardiff processes, mentioned by the Heads of State and Government at Feira, will define practical, quantifiable objectives and assess the results obtained through the joint action of the EU's programmes (particularly the multiannual programme), the Member States and the operators concerned.

6.5. The Committee asks to be associated with the regular follow-up to the programme, which is an essential factor in achieving the European Charter. To this end, an annual scoreboard should be sent to the Committee, as well as to the European Parliament and the Council.

6.6. The Committee proposes concentrating the programme on five priority objectives:

- a legal and tax environment more conducive to risk-taking and job creation, for instance, with respect to bankruptcy law;
- the effective conclusion of the simplification of regulations, without altering their scope and with special focus on enterprise creation formalities;
- top priority to be given to education, to the transfer of knowledge and lifelong training, as much for company directors as for employees;
- a European innovation area with measures to promote inter-enterprise co-operation and the movement of researchers into the business world;
- the strengthening of networks of local intermediaries to provide enterprises with quality support and advice throughout their development.

6.7. Actions to exchange best practice should be structured in such a way as to produce tangible results and to guarantee added value for the Community. They should draw on the experience and expertise of representative economic and social organisations and of the other actors concerned, such as those from the fields of science and education.

6.8. The Committee believes that the DG for Enterprise should be the advocate of the business world vis-à-vis the various Community policies. In this respect, the Committee emphasises the potential importance of systematically producing studies on the impact of all new European initiatives, with the proviso that these analyses should be produced independently, be easy to understand and made public.
6.9. The Committee particularly urges that all enterprises, whatever their sector of activity, be included in actions relating to the knowledge-based economy. The European Commission should therefore revise certain aspects of its communication in order to improve the focus of its actions by targeting them more specifically at small- and medium-sized enterprises, which have untapped capacity for innovation and development.

6.10. Rather than dispersing itself in actions without significant impact, the multiannual programme should be used as an instrument to facilitate access to programmes covering training, internationalisation, research and innovation.

6.11. The Committee recommends incorporating into the programme the initiative on growth and employment in order to ensure the continuity of actions such as JEV with a high value added for Europe. On this point, the Committee regrets that, without prior notice, the Commission has suddenly interrupted some programmes. The Committee also supports the European Parliament’s position in favour of an increased budget, on condition that it is used for well-targeted actions that meet the needs of the operators.

Brussels, 29 November 2000.

The President
of the Economic and Social Committee

Göke FRERICHS


(2001/C 116/05)

On 20 July 2000 the Council decided to consult the Economic and Social Committee, under Article 95 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 8 November 2000. The rapporteur was Mr Green.

At its 377th plenary session on 29 and 30 November 2000 (meeting of 29 November), the Economic and Social Committee adopted the following opinion by 102 votes in favour with one abstention.

1. Introduction

1.1. This proposal from the Commission on the Marketing & Use of Short Chain Chlorinated Paraffins (SCCP) concerns the protection of the aquatic environment. Its motivation is to provide environmental protection by prohibiting the use of short chain chlorinated paraffins in the highly emissive uses of metal working fluids and leather treatment chemicals, as determined in Council Regulation (EEC) No 793/93 on the evaluation and control of the risks of existing substances(1).

1.2. The proposal also underlines the importance of harmonisation in the Internal Market. Since some Member States have already enacted restrictions of marketing and use of short chain chlorinated paraffins, there is a compelling need for coordinated common action to create EU legislation which will ensure harmonisation which will also apply to candidate countries. The Commission proposes to introduce harmonisation measures in the framework of Directive 76/769 on restrictions of the marketing and use of certain dangerous substances and preparations. The 20th amendment of that Directive will ban SCCP in two areas of application, metal working and leather finishing. Risk reduction measures in other applications of SCCP such as plasticiser in paints, coating and sealants, and as flame retardants in rubber, plastics and