In 2003, following on from these political decisions and declarations, the Commission launched a pilot programme on cooperation between Euro-Mediterranean cities (Medact) with the objective of making a start on the first projects. The work done so far demonstrates that the local authorities are both willing and able to play an active part in Euro-Mediterranean cooperation programmes. It was decided during the regional programming exercise for 2005-2006 that this work should be supported and developed through a cooperation programme for Euro-Mediterranean cities and local authorities (Medact), with the aim of developing cooperation, exchanges and dialogue between them. EUR 5 million has been allocated for this.

Lastly, the Commission is planning to set up a new neighbourhood instrument in 2007. It will provide European regions and local authorities with a framework for working with southern-Mediterranean partners on cross-border and trans-national cooperation programmes and projects.

The Commission is confident that these cooperation instruments will pave the way for more active and more concerted involvement by European towns and regions in the Euro-Mediterranean partnership.

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Subject: Facilitating access by SMEs to risk capital

What action has the Commission taken during the current parliamentary term in order to facilitate access by European SMEs to risk capital?

Answer given by Mr Liikanen on behalf of the Commission (16 April 2004)

Access to finance, in particular risk capital, is an important part of the Commission's policy of encouraging entrepreneurship in Europe. Throughout its term this Commission has been active both in stimulating the provision of formal and informal risk capital to firms, and in improving the framework conditions of finance that have removed obstacles and enabled entrepreneurs to fulfil their ambitions.

The Commission has stimulated the provision of risk capital through the European Technology Facility (ETF) Start-up Scheme, managed by the European Investment Fund (EIF). This instrument was introduced in the Growth and Employment Scheme (1998-2000), set up by the demand of the Parliament. The programme was fully implemented from 1999 onwards and the instrument was continued in the Multiannual Programme for Enterprises and Entrepreneurship (2001-2005). The ETF Start-up scheme has increased the supply of venture capital to small and medium-sized enterprises (SMEs) in the early stages of development and in the high technology sectors where there is a market failure.

By the end of September 2003, EUR 151 million had been invested in 21 venture capital funds under the ETF Start-up Scheme, which has allowed the mobilisation of at least EUR 558 million of funding from other sources. 240 companies with high growth potential have benefited from ETF Start-up. Although the last three years have been very difficult in the risk capital markets, a further positive influence on job creation can be expected in the next year or two, particularly in information technology and biotechnology/life sciences. The revolving nature of risk capital investments means that although investments are risky, successful ones will be returned, with profit, to the Community budget. It should also be mentioned that under the SME Guarantee Facility, a contract has been signed providing guarantees for equity investments in regional venture capital funds. The external evaluation of the SME assistance schemes of the Commission concluded that the ETF Start-Up Scheme and the SME Guarantee Facility have been efficient ways of helping SMEs.
The CREA Seed Capital Action was financed by the Third Multiannual Programme for SMEs (1997-2000), which took off in 1999. With a budget allocation of EUR 8 million it supported recently created seed capital funds and has 18 active funds that have so far invested EUR 151 million in 218 companies (of which the funds are still invested in 174), creating 2,205 new jobs. The majority of these funds invest locally or regionally in new enterprises in information technology, communications, electronics and life sciences.

Under the European Regional Development Fund (ERDF) and the European Social Fund (ESF) the 2000-2006 programming period has emphasised risk capital instruments in SME financing. The Commission has encouraged Member States to co-finance products like venture capital. A ‘Guide to risk capital financing in regional policy’ was published in October 2002 to this end. Support for risk capital financing from the EU Structural Funds has increased to EUR 1,152 million with Member States providing an additional EUR 2,140 million. Most Member States have or are introducing schemes and the new Member States are encouraged to do so too.

In improving the framework conditions of finance, the Risk Capital Action Plan (RCAP) of 1998-2003 achieved considerable progress and attained all its political and many technical objectives. Enterprises’ and public authorities’ awareness about the strategic importance of risk capital and the possibilities provided by it are now well enshrined in Europe. The RCAP has played a political role in supporting those directly or indirectly involved in risk capital activities. The philosophy behind the RCAP is already permeating other regional, national and Community policies and programmes.

The Commission Communication ‘Access to finance of small and medium-sized enterprises’ (1) of 1 December 2003 and the ‘Action Plan: The European Agenda for Entrepreneurship’ of 11 February 2004 further defined the Commission’s commitment to developing risk capital investment and emphasised the need to increase equity in the balance sheets of SMEs, focusing on venture capital, business angel finance and other private individuals as sources of equity investments. Under a pilot action of 1998-2000 that was fully evaluated, the Commission also directly supported the setting up of business angel networks. A project in 2001-2002 identified good practices on stimulating business angel activities in the Member States.

Furthermore, the Commission’s Communication ‘Investing in research: an action plan for Europe’ (2) adopted in April 2003, points, among other things, to the need to adapt the treatment of risk capital to avoid double taxation of investors and funds, and to strengthen future guarantee schemes and risk capital activities managed by the EIF to support R&D activities.

In August 2001, the Commission published a ‘Communication on State Aid and Risk Capital’ (3) setting out the detailed criteria for approval of new risk capital schemes involving state aid. These provide a basis for estimating the amount of any aid and deciding whether it is allowable. Further examination of state aid in remedying market failures will happen in 2004 and 2005.

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by José García-Margallo y Marfil (PPE-DE) to the Commission

Subject: Reform in the fruit and vegetable sector

The Irish EU Presidency recently announced to the European Parliament that during its term of office the Commission would put forward proposals for reform in the fresh and processed fruit and vegetable sectors.