Information Guide

Enterprise Policy

A guide to the European Union’s Enterprise Policy, with hyperlinks to sources of information within European Sources Online and on external websites

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Introduction

The European Union faced challenging economic conditions in 2011/12, with an intensifying sovereign debt crisis in the euro zone, the spectre of double-dip recession for several countries and weakening growth in even the better performing nations. Throughout the downturn, however, SMEs have retained their position as the backbone of the European economy, with some 20.7 million firms accounting for more than 98 per cent of all enterprises, of which the lion’s share (92.2 per cent) are firms with fewer than ten employees. For 2012 it is estimated that SMEs accounted for 67 per cent of total employment and 58 per cent of gross value added (GVA)1. These figures point to a virtual stand still as compared to the preceding year, 2011. With more than 87 million person employed the EUs SMEs continue to be the backbone of the EU economy. However, the difficult economic environment continues to pose severe challenges to them.

From: EU SMEs in 2012: at the crossroads, September 2012.

Background

In March 2000, the Lisbon European Council set a new strategic goal of making, by the year 2010, the European Union ‘the most competitive and dynamic knowledge-based economy in the world’, capable of sustainable economic growth with more and better jobs and greater social cohesion. A few years into this ten-year programme it became clear that the EU was not going to achieve these ambitious Lisbon objectives. A mid-term review of progress was submitted to the Commission by a High-Level Group of Independent Experts in November 2004 (the Kok Report: Facing the challenge: The Lisbon strategy for growth and employment). It concluded that the Lisbon strategy’s poor performance was due to a combination of factors, including difficult economic conditions in a number of member states such as Germany, Italy and France and an overloaded agenda, poor coordination and conflicting priorities.

Accordingly, in February 2005, the Commission proposed a new start for the Lisbon Strategy concentrating on fewer and more achievable objectives. These proposals were approved by the Member States, the ECOFIN Council and the European Parliament and in July 2005 the Commission's set out a revised package for the new Community Lisbon programme (see Press Release IP/05/973).

At the start of the Barroso Commission in November 2005, DG Enterprise was newly designated as DG for Enterprise and Industry (archived website), [2016 website: DG Growth] taking on additional responsibilities including the ‘application of treaty rules on the free movement of goods’ from DG Internal Market. The new DG, under Vice-President Günter Verheugen’s control, has been a major contributor to the re-energising of the ‘Lisbon Process’ and the DG reorganized its services in January 2005 in order to better take on the challenge of facilitating greater competitiveness among Europe’s businesses.

The objectives of DG Enterprise and Industry are to:

- support the Lisbon process
- lower barriers to entrepreneurs in Europe and encourage potential entrepreneurs
- foster innovation both in the technical sphere as an adjunct to research, and in the business process
- continue to enhance the efficiency of the internal market, with particular attention paid to its operation in the new Member States, and aim to extend its benefits to other regions
- enhance the global competitiveness of European industry within a framework of sustainable development.
The Commission has set up an Enterprise Policy Group consisting of senior experts from the business community and representatives if the Member States, to advise the Commission on enterprise policy issues.


According to the DG Enterprise and Industry website, current priorities for enterprise policy are:

- promoting entrepreneurship, by encouraging business creation, and supporting companies, especially SMEs, during their start-up and development phase
- contributing to the design, implementation and improvement of a flexible regulatory framework providing access to the single market
- opening-up of and guaranteeing obstacle-free, fair access to the markets of non-EU countries
- promoting European competitive performance (encouraging businesses to adapt to structural change and maintaining a high and consistent level of productivity growth)
- ensuring a proper coordination between industrial, energy and environmental policies in order to foster consistency in policy and legislative initiatives
- taking account of the specific characteristics and needs of the different industrial sectors
- promoting innovation – following up technological developments, new product designs and developing new ways of marketing products (e.g. e-business)
- promoting better access to funding, support networks and programmes
- promoting simplification of the regulatory and administrative environment.

**Legal basis**

There is no explicit reference to Enterprise Policy in either the Treaty on European Union (TEU) or the Treaty on the Functioning of the European Union (TFEU). The most relevant articles are: Article 3 of the TEU, which states that the EU 'shall establish an internal market'; Articles 26-27 of the TFEU, which set out provisions on the Internal Market; and Article 173 (Title XVII - Industry) which, in the context of promoting industrial competitiveness, requires the EU and Member States to take actions aimed at achieving a number of objectives, including:

encouraging an environment favourable to initiative and to the development of undertakings throughout the Union, particularly small and medium-sized undertakings

For further information on the Internal Market, see the ESO Information Guide to the Single Market.

**Lisbon Strategy**

By 2004, halfway through the 10-year Lisbon Strategy to revitalise the European economy by 2010, it had become apparent that the current results were unsatisfactory. A mid-term review, Facing the challenge: The Lisbon strategy for growth and employment, was submitted to the Commission in November 2004 by a High-Level Group of Independent Experts under the chairmanship of Wim Kok. It emphasised that the Lisbon Strategy lacked clear priorities, with an overloaded agenda, poor coordination and conflicting priorities.

Following this report, in February 2005 the Commission adopted a package of proposals aiming at revitalising the Lisbon process under a new Strategy for Growth and Jobs.

Discussions followed in the European Council of March 2005, in the European Parliament and among the social partners who all gave support to the Commission’s proposal to re-launch and re-focus the Lisbon Strategy. Accordingly a further detailed package of proposals was presented by the Commission, aiming to focus on fewer and more achievable objectives (see Press Release IP/05/973). In this new Community Lisbon Programme the Commission set out eight key measures to create more growth and more and better jobs by promoting knowledge and innovation and making Europe an attractive place in which to invest and work. The proposals were approved by the ECOFIN Council in July 2005, with key measures covering the following areas:

- supporting knowledge and innovation in Europe
- reform of state aid policy
- improvement and simplification of the regulatory framework in which business operates
- completion of the internal market for services
- completion of an ambitious agreement in the Doha round
- removal of obstacles to physical, labour and academic mobility
- developing common approach to economic migration
- supporting efforts to deal with the social consequences of economic restructuring.

(For further details see COM(2005)330: 'Common Actions for Growth and Employment: the Community Lisbon Programme').

A related package of Integrated Guidelines for Growth and Jobs (2005-2008) defined the central policy-making instruments for the development and implementation of the Lisbon strategy. Proposed by the Commission in April 2005, the guidelines were formally adopted by the ECOFIN Council that July (see Press Release IP/05/903).

In December 2007, the Commission issued a Proposal for a Community Lisbon Programme 2008-2010 (COM(2007)804) setting out ‘a series of ambitious but realistic actions that should be achieved at the Community level by 2010.’

There was also an accompanying Communication (the multi-part COM(2007)803) which included a Commission Recommendation and a draft Council Decision on guidelines for Member States’ employment policies.

The new Lisbon Strategy is based on three-year cycles, and includes economic- and employment-related guidelines to help Member States implement national reforms.


**Competitiveness**

European industrial competitiveness in the international arena has been an important part of the EU’s enterprise policy since 1993, the year the single market was completed, when the Commission published its ‘White Paper on growth, competitiveness and
employment: the challenges and ways forward into the 21st century' (COM(93)700 - text courtesy of Archive of European Integration).

In December 2002, recognising the need to open up a new debate on the future of EU, the Commission published the Communication 'Industrial policy within an enlarged Europe' (COM(2002)714; see also Communication page) thereby triggering a broad debate on the sort of industrial policy Europe needs. It reassessed the approach and underlined the key role of knowledge and innovation in a global economy.

The following year, in November 2003 the Commission adopted the Communication 'Some key issues in Europe's competitiveness - towards an integrated approach' (COM(2003)704; see also Communication page), which was a first reflection about the performance and future of the EU industry, based on an analysis of its current state of competitiveness and aiming to relaunch Europe's competitive drive.

These discussions led to the publication in April 2004 of 'Fostering structural change: an industrial policy for an enlarged Europe' (COM(2004)274; see also Press Release IP/04/501), in which the Commission called for action to improve the regulatory environment for business, to better mobilise EU policies to boost competitiveness, and to ensure the impact of EU industrial policy in specific sectors.

In order to provide a factual basis for decision and policy-making the Commission collects information about the relative performance of European business compared with its competitors in the United States, Japan and elsewhere. Since 1996, the Commission has advocated benchmarking as a tool for regular comparison and evaluation against best world practice in order to stimulate innovation and improve industrial competitiveness.

Competitiveness is understood to mean high and rising standards of living of a nation with the lowest possible level of involuntary unemployment, on a sustainable basis. The annual Competitiveness Report 'focuses on issues of economic reform bearing on the various drivers of productivity growth as well as on competitiveness developments concerning particular industries. It also includes a statistical annex with sector and country-specific competitiveness indicators' (see also the Commission’s page on Industrial competitiveness).

The November 2008 European Competitiveness Report, issued as COM(2008)774, highlighted:

important policy implications: well designed and implemented policies in some specific areas such as trade, innovation and entrepreneurship or energy can contribute to strengthening the competitiveness of the EU economy.

The European Competitiveness Report 2010 (issued as issued as SEC(2010)1276 and SEC(2010)1276 of 28 October 2010) had a particular focus on the creative industries, which:

are at the crossroads between arts, business and technology. They range from information services, such as publishing or software, to professional services like architecture, advertising or design. Creative industries are among the fastest growing sectors in the EU, creating new jobs, playing key roles in global value chains, and spurring innovation.

(An Enterprise Policy Scoreboard was issued until 2004, but is no longer published).

On 14 October 2011, the Communication ‘Industrial policy: Reinforcing competitiveness’ (COM(2011)642) argued:
that to achieve sustainable growth and to kick-start the economy require[s] coherent and coordinated industrial policies from the Member States as well as deep structural changes. A considerable impact can be had by facilitating change, enabling innovation, promoting sustainability, improving the business environment and benefiting from the single market. The implementation of these policies should be a priority in national capitals as it is at the Commission.

The Communication is a new annual initiative looking at the competitiveness of the Member States (see also Press Releases IP/11/1192, MEMO/11/701 and MEMO/11/702).

The Council’s Conclusions ‘on reinforcing industrial policy across the EU’, adopted on 5-6 December 2011, focused on two issues: greater competitiveness of EU industry, and global opportunities for SMEs.

The 10 October 2012 Communication ‘A stronger European industry for growth and economic recovery: industrial policy communication update’ (COM(2012)582) reviewed developments in EU industry since the October 2010 Communication ‘An Integrated Industrial Policy for the Globalisation Era’. The review called for action to reverse the declining role of industry in Europe (see also Press Release IP/12/1085) and proposed a partnership:

between the EU, its Member States and industry to dramatically step up investment into new technologies and give Europe a competitive lead in the new industrial revolution.

Innovation policy

The Commission's Communication 'Innovation in a knowledge-driven economy' (COM(2000)567), September 2000, contained the broad policy lines for enhancing innovation in Europe, with the aim of encouraging a more innovation-friendly environment throughout the EU, and stimulating technological innovation and the creation of innovative technology businesses.

Investing in knowledge and innovation is one of four priority areas of the new Lisbon Strategy, with innovation highlighted as an element in stimulating the potential of SMEs, ‘in view of their role as drivers of growth, job creation and innovation’.

The DG for Enterprise and Industry aims to promote innovation in the European Union, carried out mainly, but not exclusively, through actions under the Research Framework Programmes. Within the current FP7 the ‘Capacities’ Theme includes a specific element on ‘Research for the benefit of SMEs’.

As part of its response to the renewed Lisbon strategy, the Commission set out its proposals for a first Competitiveness and Innovation Framework Programme (CIP) for 2007-2013 (see also Summaries of EU legislation). The CIP replaced the Multiannual Programme for Enterprise and Entrepreneurship (MAP) which originally spanned 2001-2005, but was extended to the end of 2006 (see Summaries of EU legislation).

The Competitiveness and Innovation Framework Programme aims to encourage the competitiveness of EU businesses. Targeting small and medium-sized enterprises (SMEs) the CIP supports innovation activities, provides better access to finance and delivers business support services throughout the EU. It is divided into three operational programmes: Entrepreneurship and Innovation Programme (EIP), Information Communication Technologies Policy support Programme (ICT PSP), Intelligent Energy Europe (IEE).
An annual European Innovation Scoreboard (EIS) highlights the relative performance of the Member States. In January 2009, the European Innovation Scoreboard 2008 was published (Press Release MEMO/09/18). The 2008 report placed Sweden, Finland, Germany, Denmark and the UK as 'innovation leaders', with Malta, Hungary, Slovakia, Poland, Lithuania, Romania, Latvia and Bulgaria identified as 'Catching-up countries with innovation performance well below the EU average.'

The EIS was replaced in 2010 by the Innovation Union Scoreboard (IUS), intended to:

help monitor the implementation of the Europe 2020 Innovation Union flagship by providing a comparative assessment of the innovation performance of the EU27 Member States and the relative strengths and weaknesses of their research and innovation systems.

The 2010 IUS divides the Member States into four categories, based on their average innovation performance across 24 indicators:

- Innovation leaders: Denmark, Finland, Germany, Sweden
- Innovation followers: Austria, Belgium, Cyprus, Estonia, France, Ireland, Luxembourg, Netherlands, Slovenia, UK
- Moderate innovators: Czech Republic, Greece, Hungary, Italy, Malta, Poland, Portugal, Slovakia, Spain
- Modest innovators: Bulgaria, Latvia, Lithuania, Romania

DG Enterprise and Industry has brought the IUS and other initiatives into a common framework called PRO INNO Europe, which ‘aims to become the focal point for innovation policy analysis, learning and development in Europe, with the view to learning from the best and contributing to the development of new and better innovation policies’ (see the PRO INNO Europe [archived] website).

SME Techweb is the Commission’ research portal for SMEs, with information and resources for technology-oriented SMEs wishing to apply for research funding through FP7. IMP³rove aims to encourage SMEs to develop and improve their innovation management capabilities, by offering an online self-assessment tool backed up by a consultancy service.

Further information is available on the DG Innovation page and the European Small Business Portal, under Innovation, research and copyright.

2009 was designated the European Year of Creativity and Innovation (see website and Press Release IP/09/03).

On 7 March 2013, the Commission issued a Q&A ‘on support for Small- and Medium-sized Enterprises (SMEs) in Horizon 2020 - The EU Framework Programme for Research and Innovation’ (see MEMO/13/181).

Small and medium-sized enterprises

Small businesses play a central role in the European economy. Some 25 million small businesses, constituting 99% of all businesses, employ almost 95 million people, providing 55% of total jobs in the private sector. Small businesses are thus crucial for growth and employment all over Europe. To allow them to play their full role in meeting the Lisbon objective the Heads of State or Government endorsed the European Charter for Small Enterprises archived in June 2000 (see also Summaries of EU legislation). The Charter provides a structure for improving the legal and administrative framework for SMEs. 35 countries now participate in the process; as well as the Member States the
Charter has been endorsed by Norway, the candidate countries, the Balkans (in 2003), Moldova (2004) and Europe's Mediterranean neighbours.

In the Charter, EU leaders stated that they would:

- Strengthen the spirit of innovation and entrepreneurship which enables European business to face the challenges ahead
- Achieve a regulatory, fiscal and administrative framework conducive to entrepreneurial activity and improve the status of entrepreneurs
- Ensure access to markets on the basis of the least burdensome requirements that are consistent with overriding public policy objectives
- Facilitate access to the best research and technology
- Improve access to finance throughout the entire life-cycle of an enterprise
- Improve our performance continuously, so that the EU will offer the best environment for small business in the world
- Listen to the voice of small business
- Promote top-class small business support.

The Observatory Cluster Observersary was set up by the Commission in 1992 in order to monitor the economic performance of small businesses and to publish regular reports on SME-related issues.


Launched in February 2008, the Enterprise Europe Network (EEN) integrates two previously separate networks: the Euro Info Centres (EICs) and Innovation Relay Centres (IRCs). Financed under the Competitiveness and Innovation Framework Programme, the EEN comprises some 600 organisations located throughout the EU and beyond (see Press Releases MEMO/08/78 and SPEECH/08/65, EEN website and Summaries of EU legislation).

On 31 March 2011, the Commission celebrated the Network’s first 1,000 days in business. Marking the occasion (see Press Release IP/11/384), the European Commissioner for Industry and Entrepreneurship, Antonio Tajani, said:

The Enterprise Europe Network represents a milestone in our policy strategy for promoting entrepreneurship and the growth of enterprise. As SMEs have generated a multitude jobs over the past 10 years, the Network provides concrete European added value and will help them to grow further.

On 26 September 2011, the Commission announced that the EEN was expanding in the southern Mediterranean, and - with the aim of helping more SMEs from the EU benefit from the Asia’s fast-growing markets - was opening new contact points in Japan and doubling its presence in China (see Press Release IP/11/1072).

On 22 October 2012, the Commission announced that the EEN was opening new branches in India and Canada and strengthening its presence in China (see Press Release IP/12/1129).

On 25 June 2008, the Commission published ‘Think Small First: A ‘Small Business Act’ for Europe’ (COM(2008)394). The Act (the ‘SBA’) recognises the central role of SMEs in the EU economy and introduces a comprehensive SME policy framework for the EU and its Member States. It applies to all companies which are independent and which have less than 250 employees. The SBA is based on 10 guiding principles and proposes a number
of actions to be undertaken by both the Commission and Member States (see also Press Release IP/08/1003 and Summaries of EU legislation).

The SBA is intended to help realise the principle of Think Small First, which requires that legislation takes SMEs’ interests into account at the very early stages of policy making. Think Small First also encompasses other initiatives, including an SME Envoy to provide a contact point for SMEs and SME stakeholders within the Commission, and an SME Test to evaluate the impact of legislative proposals on SMEs.


- making smart regulation a reality for European SMEs,
- paying specific attention to SMEs’ financing needs,
- taking a broad-based approach to enhancing market access for SMEs,
- helping SMEs to contribute to a resource-efficient economy, and
- promoting entrepreneurship, job creation and inclusive growth.

Implementation of the SBA is monitored within the Commission by an SME Envoy, who is also responsible for ensuring communication between the Commission, SMEs and their representative organisations, and for promoting SMEs’ interests throughout the Commission (see SME Envoy page and Summaries of EU legislation).

A national network of SME Envoys was launched on 25 May 2011, with the aim of checking that EU law is correctly applied and ensuring that policies at national, regional and local level are enterprise friendly (see Press Release IP/11/642). On 14 September 2011, those Envoys met to agree a series of measures to promote the growth potential and competitiveness of SMEs, including better access to finance and to public procurement opportunities, and ensuring that a company can be set up in the EU in just three days and for less than €100 (Press Release IP/11/1030).

At the fourth meeting of the SME Envoys, Commissioner Antonio Tajani announced a series of new initiatives aimed at improving SMEs access to finance, boosting entrepreneurship and helping companies break into international markets (see Press Release IP/12/609, 15 June 2012).

The SME Test analyses the effects of a legislative proposal on SMEs, using a three-step procedure: preliminary assessment of businesses likely to be affected; a cost/benefit analysis of the impact on SMEs; and the use of any mitigating measures (see SME Test page and Press Release MEMO/11/601).

A high-level round table on SMEs’ access to finance was held on 21 January 2009. Enterprise and Industry Commissioner Günter Verheugen said: ‘As the main job provider in the EU, small and medium sized enterprises play a key role in safeguarding employment. They have the necessary flexibility to withstand the crisis, but they are also more vulnerable if access to capital is curtailed. Therefore, everything must be done to ensure that viable businesses continue to have access to capital on reasonable terms.’ (See MEMO/09/21).

The Commission’s 2009 annual report on SMEs, entitled European SMEs under Pressure archived, showed that the advent of the economic crisis in 2008 had effectively halted the role of SMEs in creating jobs (see also Press Release IP/10/723 and the SME Performance Review archived website).
May 2009 saw the first European SME Week - a Commission initiative under the SBA, aimed at promoting entrepreneurship and raising awareness of business support at EU national, regional and local levels (see Press Releases IP/09/704, IP/10/605).

The 2011 SME Week, 3-9 October, focused on business transfers and giving a second chance to bankrupt entrepreneurs (see SME Week page). On 4 October, the Commission presented its Annual Report on SMEs for 2010/2011, entitled Are EU SMEs recovering from the crisis (see also Press Releases IP/11/1149 and MEMO/11/661). The Report forecast a modest increase of employment in SMEs for 2011, and concluded:

The fragile and only partial recovery of SMEs in the EU 2010 further increases the pressure on policy makers, both on the EU as well as on the national level, to speedily implement what they have committed to under the SBA agenda. Decisive and rapid improvements towards a friendlier SME administrative and legislative environment are an indispensable precondition for an SME recovery.

The main message from the 2012 SME Week was that women's entrepreneurial potential is underexploited (see Press Release IP/12/1108, 17 October 2012).


An information campaign was announced on 5 October 2012 aimed at informing SMEs of the new rules and encouraging Member States to incorporate the Late Payment Directive into national law before the 16 March 2013 deadline (see Press Release IP/12/1071). To coincide with the formal deadline for implementing the Directive, the Commission issued Press Release IP/13/216 on 12 March 2013 confirming that the new legislation:

obliges public authorities to pay for goods and services within 30 calendar days or, in very exceptional circumstances, within 60 days. Businesses should pay their invoices within 60 calendar days, unless they expressly agree otherwise and if it is not grossly unfair to the creditor.

On 30 May 2011, the Council adopted Conclusions on the review of the Small Business Act, in which it highlighted a number of issues, including smart regulation, access to finance, access to markets, and entrepreneurship.

According to a report presented on 16 January 2012 Do SMEs create more and better jobs?, SMEs created 85% of new jobs in the non-financial sector between 2002 and 2010 (see also Press Releases IP/12/20 and MEMO/12/11 and SME Performance Review page). The report concluded that:

The fact that SMEs provide more jobs justifies specific attention for this group. Innovative SMEs and Member States are more able to withstand the crisis. In addition, internationally active SMEs are more innovative and report higher employment growth.

The 2012 Performance Review was published as EU SMEs in 2012: at the crossroads archived (see also Press Release IP/12/1101 and SME Performance Review page). It found that companies continued to face challenges from the difficult economic
environment and highlighted a number of issues, including: performance of SMEs varies considerably between Member States, and - with most SMEs struggling to reach pre-crisis levels of employment - they are experiencing ‘jobless growth’ (that theme was also the subject of a European Parliament Study The impact of the financial crisis on the job creation potential of SMEs).

Under Regulation (EU) 1236/2011 of 29 November 2011, Structural Funds can be used to guarantee access to credit for SMEs looking for finance at any stage of their normal business activity (see Press Release MEMO/11/853).

On 30 November 2011, as part of a series of funding proposals for the period 2014-2020, the Commission adopted a draft Regulation ‘establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises’ (COM(2011)834). Known as ‘COSME’, the programme has the following objectives:

- facilitating access to finance for Small and Medium-sized Enterprises (SMEs)
- creating an environment favourable to business creation and growth
- encouraging an entrepreneurial culture in Europe
- increasing the sustainable competitiveness of EU companies
- helping small businesses operate outside their home countries and improving their access to markets

COSME will largely replace the current Competitiveness and Innovation Programme (see also Press Release IP/11/1476, COSME archived pages and European Parliament Study Differences and similarities between CIP and COSME; check progress via the PreLex Dossier).


Eurostat data on access to finance for SMEs shows that the economic crisis made it more difficult for SMEs to get credit (see Eurostat Access to finance statistics). On 5 December 2011, a new SME Risk-Sharing Instrument (RSI) was launched, to help SMEs access finance from banks to invest in research and innovation (see Press Release IP/11/1505 and Risk Sharing Finance Facility page).

On 9 November 2011, the Commission adopted the Communication ‘Small Business, Big World a new partnership to help SMEs seize global opportunities’ (COM(2011)702; see also Press Release MEMO/11/765). It argued that:

The priority for Europe now is to overcome the crisis boosting competitiveness and growth. Major markets such as China, India, Russia and Brazil, with strong growth rates and potential represent significant opportunities for EU companies. Exports outside the EU to expanding markets could trigger new dynamism for European economy. Internationalisation is the step SMEs need to take and to seize these opportunities.

On that basis, the Communication set out the objectives of a new EU strategy to help SMEs overcome obstacles to internationalisation and promote their integration into the global economy:

- to provide SMEs with easily accessible and adequate information on how to expand their business outside the EU
- to improve the coherence of support activities
- to improve the cost-effectiveness of support activities
- to fill existing gaps in support services
to establish a level playing field and provide equal access for SMEs from all EU Member States.

On 7 December 2011, the Commission adopted two funding-related proposals: a draft Regulation ‘on European Venture Capital Funds’ (COM(2011)860) intended to make it easier for venture capitalists to raise funds across Europe for the benefit of start-up businesses (see also IP/11/1513; check progress via PreLex dossier); and a draft Regulation ‘on European Social Entrepreneurship Funds’ (COM(2011)862) intended to lay the foundation for a European market for social investment funds (see also Press Release IP/2011/1512; check progress via PreLex dossier).

Following agreement by the Parliament and Council (see Press Release MEMO/12/507, 28 June 2012) and a positive vote by the Parliament, the Regulations were expected to be adopted on 21 March (see Press Release MEMO/13/209, 12 March 2013).

On 12 July 2012, the Commission announced that the EU and USA were working together to facilitate SME business support and market access, in particular by developing a framework for cooperation between the US International Trade Administration and the Enterprise Europe Network (see Press Release MEMO/12/552).

Entrepreneurship

To complement the European Charter for Small Enterprises, the Entrepreneurship Action Plan addresses a wider range of entrepreneurship-related issues to promote entrepreneurship across Europe. These challenges were underlined as essential by the High Level Group on the Lisbon strategy chaired by Mr Wim Kok - 'Facing the Challenge: the Lisbon strategy for growth and employment':

Increasingly, new firms and SMEs are the major sources of growth and new jobs. Entrepreneurship is thus a vocation of fundamental importance, but Europe is not 'entrepreneur-minded' enough. It is not attractive enough as a place in which to do business. There are too many obstacles for entrepreneurs and therefore Europe misses many opportunities for growth and employment. Much can and must be done to improve the climate for business.


The Action plan suggested that to further the entrepreneurship agenda the Commission would act in five strategic areas:

- Fuelling entrepreneurial mindsets
- Encouraging more people to become entrepreneurs
- Gearing entrepreneurs for growth and competitiveness
- Improving the flow of finance
- Creating a more SME-friendly regulatory and administrative framework.

During 2004 and 2005 the Commission defined a series of nine key actions in order to transform these five strategic areas into concrete results:

- Fostering entrepreneurial mindsets through school education
- Reducing the stigma of business failure
- Facilitating the transfer of businesses
- Improving social security of small business owners
- Tailor-made support for women and ethnic minorities
- Facilitating SMEs business cooperation in the internal market
- Fostering innovative clusters
- More equity and stronger balance sheets
- Listening to SMEs
- Simplification of tax compliance.

A mid-term progress report on the implementation of the Action Plan was issued in June 2005 as SEC(2005)768.

In September 2006, the final 'Report on the implementation of the Entrepreneurship Action Plan' (SEC(2006)1132) stated that the Plan had 'proved to be an invaluable tool in contributing to the common strategic objective of boosting entrepreneurship in Europe’ and that many of the initiatives it had introduced were becoming part of the Union’s modern SME policy, as set out in the November 2005 Communication 'Implementing the Community Lisbon Programme - Modern SME Policy for Growth and Employment' (COM(2005)551; see also Summaries of EU legislation).

The European Enterprise Awards were launched in 2006 (in 2012, the initiative started to be referred to as the 'European Enterprise Promotion Awards' - EEPA). The initiative is intended to:

- identify and recognise successful activities and initiatives undertaken to promote enterprise and entrepreneurship
- showcase and share examples of best entrepreneurship policies and practices
- create a higher awareness of the role entrepreneurs play in society
- encourage and inspire potential entrepreneurs

Examples of winners can be seen in Commission Press Releases, including: IP/12/1219, IP/11/637, IP/10/638, MEMO/09/234, MEMO/07/554.

An initiative to give failed entrepreneurs another chance was launched in October 2007 in the Communication 'Overcoming the stigma of business failure - implementing the EU's growth and jobs strategy' (COM(2007)584). The Commission proposed actions to promote a second chance policy, by addressing four main issues: changing attitudes, insolvency law, support for businesses at risk, support for restarters (see also MEMO/07/402, the Second chance website and Summaries of EU legislation).

The European Network of Female Entrepreneurship was launched in October 2009, with the aim of providing role models for women entrepreneurs and encouraging successful female entrepreneurs to help inspire other women to set up their own businesses. A second phase started in December 2010 (see Press Releases IP/09/1426 and IP/10/1675).

A Eurobarometer survey on 'Entrepreneurship in the EU and beyond', published in May 2010, showed that 45% of respondents would like to be their own boss. Intended to increase understanding of entrepreneurship, the survey looked at the development of entrepreneurship and what encourages people to become entrepreneurs. It provided data about public attitudes to entrepreneurship, entrepreneurial education, risk-taking, start-ups, obstacles to entrepreneurship and business failures (see Press Releases IP/10/689, MEMO/10/232, and Eurobarometer Report and Summary).

In January 2009, the Commission’s DG for Enterprise and Industry issued an overview of business start-up procedures, showing falls in both the time and costs involved in setting up a business. Later figures showed the average time and cost to start up a private limited company were lower in 2010 than in previous years. In 2010 the average time
taken was seven days and the cost was €399; in 2009 the figures were eight days and €417; in 2007 they were 12 days and €485 (see Simplification of start-up procedures).


Launched on 29 April 2011, the Youth@Work initiative offers information and advice to young, would-be entrepreneurs and also seeks to:

build contacts between young people and small and medium size enterprises (SMEs) - to encourage demand among SME employers for young people and, in turn, to promote working in SMEs to young people.

Part of the EU’s Youth on the Move initiative, Youth@Work cooperates with the EURES network and national employment services (see Commission news item).

On 15 November 2011, the European Network of Mentors for Women Entrepreneurs was launched, to promote female entrepreneurship through the sharing of know-how and experience. A network of 170 mentors in 17 countries offers help to women who have established a new enterprise in the last two to four years (see Press Release IP/11/1350).

In March 2012, Eurydice published the report Entrepreneurship Education at School in Europe (see also Press Release IP/12/365) which found that:

A great majority of European countries address entrepreneurship education through national strategies or initiatives [...] This clearly reflects the wide recognition of the importance of entrepreneurship education in Europe. Nearly half of the countries have incorporated the objectives linked to the promotion of entrepreneurship education within broader strategies (lifelong learning, education and youth, growth), while several countries, located mainly in Northern Europe, have launched specific entrepreneurship education strategies.

On 13 April 2012, the Commission announced the publication of the Report ‘Entrepreneurship Education at School in Europe: National Strategies, Curricula and Learning Outcomes’. Produced by the Education, Audiovisual and Culture Executive Agency (EACEA), it showed that entrepreneurship education is being increasingly promoted in most European countries (see Report text and Press Release IP/12/365).

The 2012 edition of the Eurostat publication Entrepreneurship determinants: Culture and capabilities sought to help policymakers better understand the rate and types of entrepreneur activity and help them develop initiatives to facilitate access to finance for SMEs.

On 9 January 2013, Commissioner Antonio Tajani presented the Communication 'Entrepreneurship 2020 Action Plan: Re-igniting the entrepreneurial spirit in Europe' (COM(2012)795; see also Press Release IP/13/12 and PreLex dossier). The proposed Plan:

sets out a renewed vision and a number of actions to be taken at both EU and Member States’ level to support entrepreneurship in Europe. It is based on three pillars: developing entrepreneurial education and training; creating the right business environment; role models and reaching out to specific groups.
The Communication ‘A new European approach to business failure and insolvency’ was adopted on 12 December 2012 as COM(2012)742 (see also Press Release IP/12/1354). It showed that an average of 200,000 firms went bankrupt in the EU each year over the period 2009-2011. It highlighted areas where differences between national legislation on insolvency hamper the creation of an EU-wide legal framework, and sought:

- to identify the issues on which the new European approach to business failure and insolvency should focus so as to develop the rescue and recovery culture across the Member States.

**Reducing red tape**

Following feedback on the 14 November 2006 Communication ‘Measuring administrative costs and reducing administrative burdens in the European Union’ (COM(2006)691), an Action Programme for reducing administrative burdens was announced in January 2007 as COM(2007)23 (see also Summaries of EU legislation). The initiative aims to see administrative burdens on businesses reduced by 25% by 2012 and focuses on 13 priority areas including company law, employment relations, and taxation (see Press Releases IP/07/77 and MEMO/07/25).

10 'fast track' actions were approved by the Spring 2007 European Council (see pages 9-10 of the Presidency Conclusions), with a further 11 presented in March 2008 in the Communication '2008 Fast Track Actions to reduce administrative burdens in the European Union' (COM(2008)141; see also Administrative Burdens page).

On 10 July 2007, the Commission adopted a Communication ‘on a simplified business environment for companies in the areas of company law, accounting and auditing’ (COM(2007)394; see also Summaries of EU legislation).


In its 'Action Programme for Reducing Administrative Burdens in the EU: Sectoral Reduction Plans and 2009 Actions' (COM(2009)544, 22 October 2009; see also Summaries of EU legislation), the Commission pledged to review existing legislation, to identify obsolete obligations and to ensure that regulatory requirements introduced by new policies are minimised.

An update on implementation of the Action Programme was issued by the Commission on 7 December 2010 as MEMO/10/654 (see also Press Release IP/10/1670).

A High Level Group of Independent Stakeholders on Administrative Burdens was established by Commission Decision C(2007)4063 of 31 August 2007 to provide advice on administrative burden reduction measures (the Group is chaired by Dr. Edmund Stoiber, and sometimes referred to as the Stoiber Group). Its remit was extended by Commission Decision 2010/C 223/03 of 17 August 2010 to include - amongst other matters - responsibility for advising the Commission on its Simplification Rolling Programme, and for preparing a report on best practice in Member States for implementing EU legislation ‘in the least burdensome way’ (to be presented by November 2011).

Reducing administrative burdens is one aspect of a wider ‘Better Regulation’ initiative, which also includes withdrawing some proposals for legislation, simplifying existing legislation, and assessing the effect of proposed legislation on businesses by using impact assessments and public consultations. Efforts to simplify EU legislation were made in 1997 and again in 2003 (see COM(2003)71: ’Updating and simplifying the Community acquis’), but only really started to make a significant impact with the re-launch of the

In January 2008, the Commission announced that 300 existing pieces of legislation had been withdrawn, and a year later, on 28 January 2009, in its 'Third progress report on the strategy for simplifying the regulatory environment' (COM(2009)17; see also IP/09/131 and MEMO/08/62) said that some 1,300 acts had been proposed for removal since 2005 and concluded that:

On a daily basis, European citizens and businesses are confronted with a mix of EU, national and regional legislation. Only a coordinated simplification effort at all these levels can ensure that this regulatory framework serves its purpose in the best possible way – safeguarding growth and welfare, while keeping burdens to the minimum necessary.


Additional information can be found via the European Small Business Portal section on Promoting entrepreneurship.

On 23 November 2011, the Commission adopted the report ‘Minimizing regulatory burden for SMEs: Adapting EU regulation to the needs of micro-enterprises’ (COM(2011)803; see also Press Release IP/11/1386) in which it:

outlines ways of taking the concept of "Think Small First" a step further to deliver rapid results. It sets out how the Commission will strengthen the use of exemptions or specific, lighter legislative regimes for SMEs or micro companies.

A Reflection Group on the future of EU company law was established in December 2010 and presented its Report on 5 April 2011. A consultation on the future of EU company law was subsequently launched on 21 February 2012, to elicit views on a number of issues, including the objectives and scope of company law and whether existing legislation should be merged into a single act (see Press Releases IP/12/149 and MEMO/12/119 and Consultation page).

On 21 February 2012, the Commission issued a summary of its efforts to reduce regulatory / administrative burdens (see Press Release MEMO/12/116) and welcomed the report 'Europe can do more’ presented by the High Level Group of Independent Stakeholders on Administrative Burdens (the Stoiber Group; see Press Release IP/12/146 and Report page).

On 1 October 2012, the Commission launched a consultation aimed at identifying the 10 EU legislative acts considered most burdensome by SMEs and micro-companies (see Press Release IP/12/1043). Results of the consultation - which involved some 1,000 SMEs and business organisations - were announced on 7 March 2013 (see Press Release IP/13/188). They showed the 'top 10’ most burdensome issues to be:

- legislation on chemicals (REACH)
- value added tax
- product safety
- recognition of professional qualifications
- data protection
- waste legislation
- labour market related legislation
- recording equipment for road transport
- public procurement
- the modernised customs code

A Commission proposal adopted in December 2010 as COM(2010)748 aimed to cut red tape by abolishing the ‘exequatur’ procedure, which required businesses and consumers involved in cross-border legal disputes to go through a time-consuming and costly legal process. The proposal resulted in Regulation (EU) 1215/2012 of 12 December 2012 ‘on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters’ (see also DG Justice Recognition and enforcement of judgments page).

Businesses across the EU should benefit from changes to EU rules on VAT, which entered into force on 1 January 2013 under Council Directive 2010/45/EU. The new rules allow electronic invoicing to be treated the same as paper invoicing, and let member States offer a cash accounting option to businesses with a turnover of less than €2 million a year (see also Press Release IP/12/1377 and VAT Invoicing Rules page).

**Single Market Act**


> A well functioning single market is essential for creating employment and growth, and for promoting economic stability. The more effective the single market is, the more it will improve the business environment, thereby encouraging firms to invest and create jobs, and the more it will increase consumer confidence and demand. A well functioning single market is therefore crucial in the context of economic recession to facilitate the recovery of the European economy.

The Communication ‘Towards a Single Market Act: For a highly competitive social market economy: 50 proposals for improving our work, business and exchanges with one another’ was adopted on 27 October 2010 as COM(2010)608 (see also Press Release IP/10/1390). It identified key priorities to be addressed by the proposed Single Market Act: capital for SMEs, social business and long term investment, online commerce for consumers, professional qualifications for workers.

Subsequently, on 13 April 2011, the Commission adopted the Communication ‘Single Market Act: Twelve levers to boost growth and strengthen confidence: Working together to create new growth’ (COM(2011)206). Intended to re-launch the Single Market for 2012, the Act sets out 12 ‘levers’ for boosting growth and enhancing citizens’ confidence in the Single Market. Each lever comprises a key action requiring immediate legislation and other actions to be delivered over a longer period. The 12 levers are:

1. Access to finance for SMEs
2. Worker mobility in the Single Market
3. Intellectual property rights
4. Consumers: Single Market players
5. Services: strengthening standardisation
6. Stronger European networks
7. Digital Single Market
8. Social entrepreneurship
9. Taxation
10. More social cohesion in the Single Market
11. Regulatory environment for business
12. Public procurement
The Communication was accompanied by the Working Document SEC(2011)467 (see also Press Releases IP/11/469, MEMO/11/239, SPEECH/11/263).

The first Single Market Forum was held in Krakow, Poland, from 2-4 October 2011, bringing together businesses, social partners, EU institutions, public authorities and others to contribute to policy evaluations and help monitor the implementation of the Single Market Act. The introduction to the resulting Krakow Declaration stated that participants:

recognise that the Single Market has brought tremendous benefits to the men and women of Europe. It has brought prosperity and jobs. However, in the current economic crisis European Governments must recognise its potential for further growth. As citizens and consumers, we also have a part to play. Our understanding and support for the Single Market is critical for its success.

The Competitiveness Council of 5-6 December 2011 adopted Conclusions on the results of the Forum and called for it to become a regular event:

to enable businesses and citizens as well as local and regional authorities to directly participate in and influence the further development of the Single Market.

For further information on the Internal Market, see the ESO Information Guide to the Single Market.

Information sources in the ESO database

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Further information sources on the internet

- European Commission: DG Growth
  - [Homepage](#)
    - [Industry Website](#)
    - [Single Market and Standard](#)
    - [Industrial competitiveness](#)
    - [Industrial Policy](#)
    - [Entrepreneurship and Small and medium sized enterprises (SME’s)](#)
    - [European Small Business Portal](#)

- European Commission: DG Eurostat
  - [Structural business statistics](#)
  - [Short-term business statistics](#)
  - [Eurostat yearbook 2015](#) (see section on Industry, trade and services)
  - [Statistics Explained website](#) (see articles relevant to SMEs and Structural business statistics)

- Europa
  - [Competitiveness and Innovation Framework Programme](#) (CIP) [archived]
  - Policy areas: [Enterprise](#)
  - Summaries of EU legislation
    - [Enterprise](#) (subsections on: Business environment, Industry, Interaction between enterprise policy and other policies, International dimension and enlargement)

- European Commission: DG Communication
  - [RAPID](#) press releases database - [Industry and entrepreneurship](#) (pre-set search – updated until November 2015) – [Internal Market, Industry, Entrepreneurship and SMEs](#)

- Legislative and policy making information
  - [Treaty on the functioning of the European Union](#): Article 26-27, 173
  - EUR-Lex: Legislation: [Enterprise](#)
  - EUR-Lex: Preparatory legislation: [Enterprise](#)
  - EUR-Lex: Consolidated legislation: [Enterprise](#)
  - EUR-Lex: Case Law: [Enterprise](#)
  - EUR-Lex: Summaries of EU Legislation: [Enterprise](#)
  - European Commission: DG [Enterprise](#)

- Court of Justice of the European Union: InfoCuria
  - [Homepage](#): ‘at ‘Subject-matter’ box, click icon at far right to open list of subjects. Select ‘Industrial Policy’ and click ‘Enter’ to return to main search page. Select dates if required. Hit ‘Search’ at top or bottom of page.

- European Parliament: Legislative Observatory (OEIL)
  - [Homepage](#): Carry out a [Search](#); scroll down right-hand menu and expand ‘Subject’; then expand ‘Community policies’; then expand ‘Enterprise policy, inter-company cooperation’ and select appropriate sub-heading (if no menu is shown, click ‘OK’ at the search box to display it).

- Council of the European Union
  - [Competitiveness (internal market, industry, research and space)](#)

- European Parliament
  - [Industry, Research and Energy Committee](#) (ITRE)
  - [Internal Market and Consumer Protection](#) (IMCO)
- European Parliament: Fact Sheets
  - Section on The Internal Market has relevant subsections and there is a Fact Sheet on Small and Medium-Sized Enterprises

- Committee of the Regions
  - Commission for Economic and Social Policy (ECOS)

- European Economic and Social Committee
  - Single Market, Production and Consumption (INT)
  - Single Market Observatory

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