

Ref.: 2004/03/01

14 May 2004

**COMMISSION CONSULTATION ON SUPPORT PROGRAMME FOR
ENTREPRENEURSHIP AND ENTERPRISE COMPETITIVENESS (2006 – 2010)****UNICE RESPONSE****I. INTRODUCTION**

UNICE welcomes the opportunity to comment on the intended support programme for entrepreneurship and enterprise competitiveness (2006 – 2010) due to replace the current multiannual programme for enterprise and entrepreneurship and in particular for small and medium-sized enterprises (SMEs) (2001 – 2005). We understand that this is the first time that such a programme is submitted to public consultation and we support such transparency on behalf of the European Commission.

The objectives and most of the actions underpinning those objectives proceed from prior of future Commission policy documents (e.g.: Entrepreneurship Action Plan, Innovation Action Plan, etc...). In this context, UNICE will not comment on the substance of those policy actions in this paper since such comments have been or will be issued separately. The comments below consist of our reflections regarding the SPEC as the 'operating arm' or basis for implementing the objectives described therein. The intended programme will be the legal basis that will consequently provide for, among other things, budgetary allocations to support the implementation of several Commission policies (e.g.: the Action Plan on Entrepreneurship, the Action Plan on Innovation, the Commission Communication on Industrial Policy, etc...).

II. THE INTENDED PROGRAMME AND ITS IMPACT***UNICE supports a coherent approach to competitiveness***

We support the Commission's intention (paragraph 8) for the new programme to take "a more comprehensive and coherent approach in support of the competitiveness of enterprises". In this context, we also support the use of Article 157 of the Treaty (paragraph 9) establishing the European Community as the legal basis for this programme.

Need for structural changes in the Commission: a Competitiveness Commissioner

Nevertheless we fail to see the concrete translation of the declared aim of the intended programme (paragraph 14) of “complementing and cohering with other Community policies, notably those contributing to the conditions necessary for the competitiveness of enterprises: (...)” (e.g. competition law, internal market, employment policies, environmental policy, and regional cohesion) into structural changes within the Commission. We therefore reiterate the necessity for such a horizontal policy to fall under the competence of a Competitiveness Commissioner.

We take this opportunity to point out that competitiveness must be enshrined in the new Commission’s mission statement as well as its organisational structure: whereas the existing Commission is structured around vertical departments, many competitiveness issues – such as entrepreneurship, innovation or industrial policy – are horizontal in nature. Moreover, competitiveness needs one face – a Competitiveness Commissioner – to initiate policy reform, manage impact assessments and prepare the work of the Competitiveness Council. In order to be efficient this Commissioner would also need, as in certain national governments, to be involved in overseeing social issues, and have the rank of a Commission Vice-President. Should a Competitiveness Commissioner be appointed, the intended programme should fall under his competence.

Consult business more when taking into account of the “enterprise dimension”

The Commission intends to ensure that the “enterprise dimension”, in particular the “SME dimension”, is identified, understood and acted on in relation to all relevant policies and actions at Community level” notably via the SME Envoy (paragraphs 18 and 19).

UNICE supports the Commission taking a horizontal and “think small first” approach. Enterprises are better placed to demonstrate the “enterprise dimension”. Therefore we request the Commission to involve business in the policy making process at a much earlier stage, also in relation to policies which do not fall under the immediate responsibility of DG Enterprise but other Directorate Generals. This will considerably contribute to enabling the Commission “*identify, understand and act*” (paragraph 18).

Avoid overlapping actions

It is essential to systemise a cross-departmental involvement in horizontal actions such as action 2 (paragraphs 29 and 30) on promotion of corporate social responsibility (CSR) and sustainable production. In addition, to avoid overlapping actions being taken by public authorities and private sector, we take this opportunity to strongly reiterate that any action on CSR should not run counter to the recognition of CSR as being voluntary and market driven and the value of a bottom-up approach. In the European Multistakeholder Forum on CSR, a specific Round Table was dedicated to fostering CSR among SMEs. One of the main findings of the Round Table is that “CSR is not a “bolt-on” to how business is run: it goes to the core of how business does business”. Efforts to encourage CSR should be mindful of this and should reflect the daily realities of SMEs. That is why one main conclusion is that CSR is best promoted close to business, close to the market, through channels which business trust, for instance through business-led networks. We consequently believe that EU level should not reiterate existing private sector led initiatives. We believe that what is envisaged under paragraphs 29-30, is premature given that the above-mentioned Multistakeholder Forum has yet to deliver its final report.

Additional actions to achieve programme's objectives

Reducing the overall tax burden on companies is of direct relevance to boosting entrepreneurship. Return on savings should also improve through reduction of taxes to free capital for investment. Tax incentive schemes are a good vehicle for encouraging individuals to invest in growing and new businesses. Taxes on income, both on labour, capital and wealth should be reduced. Lower taxes on ownership and capital would improve the possibilities for business angels to re-invest their capital.

Member States have the fundamental role to play in this area but the Commission should play its role and within its competences: taxation should be benchmarked in the Member States and in relevant competing third countries and the performance of the Member States in reducing tax burdens should be followed up.

More generally, UNICE welcomes the 11 March 2004 Competitiveness Council Conclusions on "Stimulating Entrepreneurship" particularly where it invites Member States and the Commission, within their respective competencies, to intensify efforts and take early action in "identifying and jointly agreeing appropriate indicators of performance and progress as a basis for the subsequent voluntary setting of targets for increased entrepreneurial activity, taking into account global markets". We believe that performance indicators would add significantly to setting more concrete targets in the field of increased entrepreneurial activity.

More ambitious timetable – more concrete actions

The Commission's Entrepreneurship Action Plan is replicated under Objective 2 of the SPEC underpinned by actions 4 to 8 (paragraphs 33 to 55). UNICE believes the Action Plan, which adopts a strategic framework, identifying key actions to be accomplished, is a positive exercise, stepping in the right direction. Nevertheless, we adhere to the conclusions of the afore-mentioned Competitiveness Council where the Commission is called upon to "*set out a more ambitious timetable for undertaking these actions*". We consider that the SPEC, the 'operational arm' of such an Action Plan, is the correct instrument for the Commission to respond to Council's request to adopt a more ambitious and detailed calendar for implementing the actions and making them more concrete.

Impact assessments are essential

One of the prime aspects of better regulation should be impact assessment: Business impact assessments should be undertaken on all existing and new legislation, both at national and European level.

Throughout the European Commission, actions taken with a particular impact on SMEs should be "SME-proofed" through impact assessments and consultation with business organisations.

Options: Continuation of old programme, discontinuation of programmes, new programme?

The above options are outlined in the consultation document. UNICE favours a new programme as opposed to the other options presented by the Commission: continuation of the old programme or discontinuation.

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