



### HEADLINES

#### **EU / Access to finance: The Commission plans to triple early-stage investments in SMEs**

In a new communication entitled "Financing SME Growth: Adding European Value," the European Commission has unveiled a wide-ranging initiative designed to help small businesses gain easier access to risk capital. A headline objective of tripling the annual investment in young SMEs from €2 to €6 billion by 2013 has been set and Member States have also been invited to play their part.

Access to risk capital has been identified by the Commission as a 'persistent problem' for innovative SMEs. A series of measures have therefore been announced. Under the heading 'more money for financing SMEs,' the Communication refers to the CIP. It will provide €1 billion in financial instruments, which are expected to create €30 billion finance for 400,000 SMEs by 2013. On 'boosting risk capital funds,' the Commission pledges to work together with the Member States to stimulate the emergence of more professional and successful venture capital funds. In order to ensure 'more bank finance for innovation,' the Commission will organise a Round Table between banks and SMEs, as well as promoting mezzanine financing and evaluating the tax relief systems for young innovative companies, which seek to start-up and grow.

The Internet communications company Skype, which benefited from the EU support, illustrates the importance of access to risk capital. Niklas Zennstrom, CEO, was 'encouraged' by the Commission's initiative, but identified areas, which require attention. ESBA likewise welcomes the Communication, but calls for retention of earnings to become a key measure for financing SMEs at the EU level and in Member States.

To read the Commission's Communication, go to: [http://ec.europa.eu/enterprise/entrepreneurship/financing/publications\\_documents.htm](http://ec.europa.eu/enterprise/entrepreneurship/financing/publications_documents.htm)

To read ESBA's Press Release on the Initiative, go to: [http://www.esba-europe.org/C2A68/News/Press\\_Releases/06\\_July\\_2006\\_-\\_Retention\\_of\\_Earnings\\_best\\_way\\_to\\_finance\\_SMEs.aspx](http://www.esba-europe.org/C2A68/News/Press_Releases/06_July_2006_-_Retention_of_Earnings_best_way_to_finance_SMEs.aspx)

#### **EU / Presidency: Finland takes over Presidency of the European Union**

On 1 July 2006, Finland took over the Presidency of the European Union. The coming months will see Finland chair over 3,000 Council meetings in Brussels and about 130 in Finland. These will include the informal meeting of Heads of State in Lahti on 20 October, the European Council in Brussels in December, and the EU-Asian ASEM summit in Helsinki in September. In order to improve the standing of the EU in the eyes of its citizens, Finland will seek to improve the effectiveness of legislative work and the efficiency of the management of the Union. Transparency and effectiveness will therefore be the overarching themes of the Presidency.

The Presidency will focus on four priority areas. These are: the future of the EU, competitiveness, external relations and justice and home affairs. Within the area of competitiveness, particular

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attention will be given to innovation and energy policies. Regarding better regulation, the Finnish Presidency has identified implementation as a key area for improvement.

For more detailed information about the Finnish Presidency's priorities, please go to: [http://www.eu2006.fi/the\\_presidency/en\\_GB/presidency\\_agenda/](http://www.eu2006.fi/the_presidency/en_GB/presidency_agenda/)

### **EU / internal market: Internal market scoreboard shows member states not on track**

On 18 July, the Commission released its latest six-monthly review of member states' progress in the implementation of internal market legislation. The results of this 'internal market scoreboard' show that, on average, 1.9% of internal market directives due for full implementation have not been transposed into national law. This compares with 1.6% in November 2005, indicating that the positive trend of previous years has been reversed. Overall, new member states are performing better than the old member states, with an average of 1.5% and 2.2% respectively. Denmark performed best, while Luxembourg performed worst of all member states. Member states have also failed to meet commitments relating to the application of internal market rules, with none achieving the 50% fall in infringement proceedings envisaged for the 2003-2006 period. Only five old member states have less infringement proceedings against them now: Belgium, Austria, the Netherlands, France and Ireland. Although the new member states can only be judged on performance since 2005, most have succeeded in reducing proceedings, although Poland and Cyprus have not succeeded in reducing such proceedings. Internal market Commissioner Charlie McCreevy expressed his concern at the reversal of the positive trend over recent months, lamenting the failure to meet the 1.5% target deficit. The Commission has warned that poor rates of transposition could lead to internal market fragmentation.

To access the internal market scoreboard, please go to: [http://ec.europa.eu/internal\\_market/score/index\\_en.htm](http://ec.europa.eu/internal_market/score/index_en.htm)

For Commissioner McCreevy's press conference on the internal market scoreboard, go to: <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/06/464&format=HTML&aged=0&language=EN&guiLanguage=en>

For the Commission press release, please go to: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1008&format=HTML&aged=0&language=EN&guiLanguage=en>

### **IN BRIEF**

#### **EU / Services: Council adopts common position on services**

On 24 July, 2006, the Council adopted its common position on the services directive, which seeks to create a single market for service. The development follows the political agreement reached by the Competitiveness Council on 29 May 2006. The common position closely follows the first reading opinion of the Parliament and the Commission's amended proposal. It will now go to second reading in Parliament, possibly before the end of the year.

To see the press release on the common position, please go to: [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/misc/90635.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/misc/90635.pdf)

#### **EU / Research and Innovation: Technology Platforms to detect lead markets**

On 5 July 2006, EU Science and Research Commissioner Janez Potocnik attended a seminar of industrial leader of European Technology Platforms and Associated Representatives of National

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Authorities. In a speech, Commissioner Potocnik stated these industry-led platforms are in a key position to identify both market opportunities and barriers in strategic areas where EU can strive for world leadership. Mr Potocnik indicated four policy areas which should turn out to be crucial to create lead markets for innovative goods and services: standards, public procurements, regulation and intellectual property rights.

To read Commissioner Potocnik's speech, please go to:  
[http://europa.eu/rapid/pressReleasesAction.do?](http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/06/435&format=HTML&aged=0&language=EN&guiLanguage=en)

[reference=SPEECH/06/435&format=HTML&aged=0&language=EN&guiLanguage=en](http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/06/435&format=HTML&aged=0&language=EN&guiLanguage=en)

To read more about European Technology Platforms, please go to:  
[http://cordis.europa.eu/technology-platforms/home\\_en.html](http://cordis.europa.eu/technology-platforms/home_en.html)

To read the Aho group report, please go to: [http://ec.europa.eu/invest-in-research/action/2006\\_ahogroup\\_en.htm](http://ec.europa.eu/invest-in-research/action/2006_ahogroup_en.htm)

### **EU / Regions: Border Regions key actors in the EU jobs and growth strategy**

On 5 July, during a conference organised by the Minister-President of the German Land of Saar, Peter Müller, Regional policy Commissioner Danuta Hübner stressed the importance of border regions in finding innovative solutions to economic and social development issues.

The Commissioner also presented the *European Grouping of Territorial Co-operation* (EGCT) framework, which is part of the new Structural Funds programming period (2007-2013). The EGCT framework will enable regional and local authorities to directly create cross-border groupings with legal personality.

To read Commissioner Hübner's speech, please go to:  
[http://europa.eu/rapid/pressReleasesAction.do?reference=IP/](http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/935&format=HTML&aged=0&language=EN&guiLanguage=en)

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To read more about the new generation of Structural Funds, please go to:  
[http://ec.europa.eu/regional\\_policy/funds/2007/index\\_en.htm](http://ec.europa.eu/regional_policy/funds/2007/index_en.htm)

### **EU / Innovation: Finland calls for a change of direction of EU innovation policy**

At the Informal Ministerial Meeting on Competitiveness, held in Jyväskylä on 10–11 July, the Finnish Presidency presented a background discussion paper containing a set of recommendations for a renewal of EU innovation policy. Following the conclusions of the Aho Report, the paper identifies the transformation of R&D investments in commercially successful products as the major competitiveness problem of EU. On this basis, the Finnish Presidency deems that European innovation policy can be improved addressing the demand side, as well as the research and supply side. The report concludes that public procurement is integral to future innovation policy.

To read the press release of Finnish Presidency, please go to:  
[http://www.eu2006.fi/news\\_and\\_documents/press\\_releases/press/en\\_GB/1151510482615/](http://www.eu2006.fi/news_and_documents/press_releases/press/en_GB/1151510482615/)

To read the background discussion paper of Finnish Presidency, please go to:  
[http://www.eu2006.fi/news\\_and\\_documents/other\\_documents/](http://www.eu2006.fi/news_and_documents/other_documents/)

[vko26/en\\_GB/1151507822505/\\_files/75465236385958747/default/com\\_discussion\\_paper.pdf](http://www.eu2006.fi/news_and_documents/other_documents/vko26/en_GB/1151507822505/_files/75465236385958747/default/com_discussion_paper.pdf)

To read the Aho group report, please go to: [http://ec.europa.eu/invest-in-research/action/2006\\_ahogroup\\_en.htm](http://ec.europa.eu/invest-in-research/action/2006_ahogroup_en.htm)

### **EU / Commission: Commission officials to receive SME work experience**

On 17 July, the Commission launched a programme designed to give EU officials in-house work experience in SMEs. The initiative, termed 'Enterprise Experience' is to ensure that 350 senior officials from the Directorate General for Enterprise and Industry spend one week working in an SME. The intention is to grant officials an insight into the day-to-day needs of business-specific enterprises and SMEs in general.

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To see the Commission press release, please go to:  
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/996&format=HTML&aged=0&language=EN&guiLanguage=en>  
For more information about the programme, please go to: [http://ec.europa.eu/enterprise/exp\\_prog/index.htm](http://ec.europa.eu/enterprise/exp_prog/index.htm)

### **EU / state aid: Germany backed by Britain and France against state aid reform**

According to the Financial Times, Germany may receive the backing of Britain and France in its resistance to Brussels' proposed rules on state aid. The Commission's initiative, led by EU competition Commissioner Neelie Kroes, seeks to eradicate 'untransparent' public loans and guarantees to businesses. Germany is alarmed by Commissioner Kroes' statement that a new ceiling, below which assistance would not count as state aid, would only apply to transparent payments (e.g. cash grants). A letter criticising Ms. Kroes' state aid reform plans has apparently been signed by Thierry Breton and Francois Loos, the French finance minister and industry minister. Moreover, British officials have suggested that they support the German position in principle.

To see the Financial Times article, please go to: <http://www.ft.com/cms/s/05bd0c1c-1695-11db-8b7b-0000779e2340.html>

For more information on the Commission's activities relating to state aid, please go to: [http://ec.europa.eu/comm/competition/state\\_aid/overview/sar.html](http://ec.europa.eu/comm/competition/state_aid/overview/sar.html)

## CONSULTATIONS

### **Consultation on the elements for a horizontal legislative approach to technical harmonisation**

The European Council of Ministers adopted a Resolution on 10 November 2003 inviting the Commission to prepare a revision of the New Approach to technical harmonisation in order to complete it and to update its different constitutive elements in order to ensure more coherence as between the various New approach directives already in operation and for future legislation. The present consultation is designed to widen the scope of our consultative process to ensure that it includes a maximum of stakeholders and interested parties.

*Closes 26 July 2006*

You will find information and access to the consultation at the following link:  
[http://ec.europa.eu/enterprise/newapproach/review\\_en.htm](http://ec.europa.eu/enterprise/newapproach/review_en.htm)

## COMING UP

### **EU Institutions: Important Dates**

17 July-27 August European Parliament summer break

4-7 September European Parliament Plenary Session (Strasbourg)

25-28 September European Parliament Plenary Session (Strasbourg) SME related Events

6-8 September 2006 EFMD 36th EISB Conference; theme – embedding entrepreneurship education in Europe; more info: <http://www.efmd.org>

7-8 September 2006 2nd FEE European SME/SMP Annual Congress; organised by FEE; for more info, please go to: [http://www.fee.be/news/default.asp?content\\_ref=571&library\\_ref=2](http://www.fee.be/news/default.asp?content_ref=571&library_ref=2)

11-13 September 2006 The International Entrepreneurship Educators Conference; taking place in York; more info: <http://www.ncge.org.uk>

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13-17 September 2006 Entrepreneurship in United Europe – Challenges and Opportunitie, Sunny Beach, Bulgaria; for more info, please contact Kiril Todorov, ktodorov@unwe.acad.bg

17 September 2006 33rd International Small Business Congress; taking place in Sofia, Bulgaria; more info: <http://www.isbc2006.org>

22-23 September 2006 3rd International Conference ENTIME 2006, theme - Enterprises in Modern Economy: Opportunities and Threats. More info: <http://www.entime.org>

31 Oct-2 Nov 2006 '29th ISBE Conference – International Entrepreneurship – from local to global enterprise creation and development'; organised by ISBE; taking place in Cardiff. More info: <http://www.isba.co.uk/>