


Procedure file

Basic information	
COS - Procedure on a strategy paper (historic) 1996/2222(COS)	Procedure completed
European Observatory for SMEs. 4th annual report 1996	
Subject 3.45.02 Small and medium-sized enterprises (SME), craft industries	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs, Industrial Policy		29/10/1996
		PSE TORRES COUTO José Manuel	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	JURI Legal Affairs, Citizens' Rights		The committee decided not to give an opinion.
	FEMM Women's Rights		

Key events			
31/07/1996	Non-legislative basic document published	N4-0292/1997	Summary
25/06/1997	Committee referral announced in Parliament		
03/07/1997	Vote in committee		Summary
03/07/1997	Committee report tabled for plenary	A4-0245/1997	
18/09/1997	Debate in Parliament		
18/09/1997	Decision by Parliament	T4-0454/1997	Summary
18/09/1997	End of procedure in Parliament		
06/10/1997	Final act published in Official Journal		

Technical information	
Procedure reference	1996/2222(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142

Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/08382

Documentation gateway

Non-legislative basic document		N4-0292/1997	31/07/1996	EC	Summary
Committee report tabled for plenary, single reading		A4-0245/1997 OJ C 286 22.09.1997, p. 0008	03/07/1997	EP	
Text adopted by Parliament, single reading		T4-0454/1997 OJ C 304 06.10.1997, p. 0101-0134	18/09/1997	EP	Summary

European Observatory for SMEs. 4th annual report 1996

OBJECTIVE: submission of the fourth annual report of the European Observatory for SMEs (1996). SUBSTANCE: the fourth annual report of the European Observatory for SMEs gives an overview of the situation of SMEs and the craft trades in all EU Member States plus Iceland, Liechtenstein and Norway. A major objective of the Observatory, which was established in the context of the European Network for SME Research, is to provide an information basis for policy-making activities in relation to SMEs (including the craft sector). As in the 1995 report the main part of the 1996 report on the observatory concerns measuring the effect of the completion of the Internal Market on SMEs. The 1996 report also includes two in-depth thematic studies on "women and SMEs" and "co-operatives, mutuals, and non-profit organisations". As regards the role of women (25-30% of all new enterprises are started by women), the report stresses the problems encountered by female entrepreneurs, e.g. in the field of finance, and by assisting spouses (social protection, legal status and matrimonial and fiscal law, etc.). Adequate social security provisions must be introduced and a reform of the aforementioned areas of the law is needed. As far as co-operatives, mutuals, associations and foundations (CMAFs) are concerned, they account for at least 6.5% of the number of private enterprises and thus make a by no means negligible contribution to economic growth and employment. These enterprises therefore need support. The European Cooperative Statute could be a valuable source of assistance. The subject of "transfer of enterprises" is analysed in detail; the report takes the view that entrepreneurs' awareness of the need to prepare the transfer of their enterprise must be increased. The observatory lists the four most important obstacles to transfer: the valuation of the enterprise, financing the take-over, legal provisions and emotional aspects. The high level of inheritance taxes and gift taxes is a particularly important factor which inhibits business transfer in several European countries, and lowering of or exemptions from these taxes should be considered. Financing and training are other important aspects, which are also addressed in the Fourth Annual Report. As far as training is concerned, both initial training and continuing training need to be improved, one important step being the harmonization of apprenticeships within the European Union. Lastly, the fiscal environment plays an important role in the performance of SMEs. The current corporate tax system in many Member States still inhibits many small businesses which have the potential for growth by favouring the investment of profits outside rather than inside of the company. A reduction of corporation tax on retained profits of small businesses is thus recommended as an effective instrument to increase employment. ?

European Observatory for SMEs. 4th annual report 1996

The European Observatory for SMEs (small and medium enterprises) aims to provide an information basis for policy making activities in relation to SMEs, which make up 99.8% of the 16.5 million non-primary private enterprises in the EU. On behalf of the Committee on Economic and Monetary Affairs and Industrial Policy, José Torres Couto (P, PES) will be welcoming the Observatory's fourth annual report which, he considers, gives an "extensive and valuable overview of SMEs and the craft trades in EU member states plus Iceland, Liechtenstein, Switzerland and Norway. SMEs, he considers, are the "backbone of the EU's economy". Mr Torres Couto is however concerned that the importance of women in SMEs has been largely neglected and notes that female entrepreneurs often encounter many financial difficulties; in addition women who assist their husbands in SMEs can often face legal problems. He urges member states, in cooperation with other interested parties, to take action to improve this situation by changing attitudes and reforming relevant legislation. In order to help co-operatives and similar concerns, he will be calling for the final adoption of the European Cooperative Statute, the creation of other support structures, and the gathering of better statistical data. Mr Torres Couto refers to the 1.5 million SMEs that risk closure if the issue of the transfer of enterprises continues to be neglected, and notes in particular the obstacles that the high level of inheritance and gift taxes place in the way of transfers. He considers that member states should consider reducing these taxes or exempting SMEs from them. He also thinks that the Observatory's report pays insufficient attention to the possibility of transferring enterprises to their employees. Finally, Mr Torres Couto considers that the current corporate tax system in many member states encourages SMEs to invest their profits outside rather than inside the company. He therefore favours a reduction of corporation tax on retained profits of small businesses as this would, he considers, help them to increase their potential for job creation. ?

European Observatory for SMEs. 4th annual report 1996

In adopting the report by Mr José Manuel TORRES COUTO (PSE, P), Parliament welcomed the inclusion in the Fourth Annual Report of the European Observatory for SMUs of the study of the role of women in SMUs and the role of cooperatives, mutual societies and associations. It deplores the continuing discrimination against women entrepreneurs, particularly when trying to obtain credit facilities from banks. It also highlighted the problems facing assisting spouses in terms of social protection and their legal status. Consequently, it called for a reform of matrimonial and fiscal law and for a harmonization of fiscal law and company law. Parliament also called for the final adoption of the European Cooperative Statute and asked the Commission to consider the establishment of a European framework to regulate private limited liability

companies. Given the particular role played by cooperatives, mutual societies and associations in creating employment, Parliament called for the creation of support structures such as Cooperative Development Agencies to address the problems in the field of business planning, training and financing. As regards the transfer of enterprises, Parliament asked that more attention be paid to the possibilities offered by the transfer of enterprises to their employees, such as Employee Share Ownership Plans and Employee Common Ownership Plans. It called on the Member States to consider lowering or exemption from inheritance taxes and gift taxes, where this seemed appropriate. Parliament considered that a reduction in corporation tax on the retained profits of small businesses could be an effective instrument to increase employment. ?