

European Communities

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EUROPEAN PARLIAMENT

# Working Documents

1983-1984

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21 November 1983

DOCUMENT 1-1013/83

## Report

drawn up on behalf of the Committee on Economic  
and Monetary Affairs

on the proposal from the Commission of the European  
Communities to the Council (Doc. 1-529/83 - COM (83)  
241 final) for a decision empowering the Commission  
to help finance innovation within the Community

Rapporteur: Mr G. DELEAU

PE 87.241/fin.



By letter of 1 July 1983, the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the communication from the Commission to the Council 'Towards Community financing of innovation in small and medium-sized enterprises', which includes a proposal for a Council decision empowering the Commission to help finance innovation within the Community.

On 6 July 1983, the President of the European Parliament referred this proposal to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Energy, Research and Technology and the Committee on Budgets for an opinion.

At its meeting of 19/20 September 1983, the Committee on Economic and Monetary Affairs appointed Mr Deleau rapporteur.

The committee considered the Commission's proposal and the draft report at its meetings of 17, 18 and 19 October 1983 and 3 and 4 November 1983.

At the last meeting, the committee decided unanimously to recommend to Parliament that it approve the Commission's proposal with the following amendments. The committee then unanimously adopted the motion for a resolution as a whole.

The following took part in the vote: Mr Moreau, chairman; Mr Deleau, vice-chairman and rapporteur; Mr Beazley, Mr Bonaccini, Mr Cingari, Mr Delorozoy, Mr T. Friedrich, Mr Giavazzi, Mr Heinemann, Mr Leonardo and Mr Welsh.

The opinions of the Committee on Energy, Research and Technology and the Committee on Budgets will be published separately.

The explanatory statement will be delivered orally in plenary sitting. The report was submitted on 8 November 1983.

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The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following amendments and motion for a resolution.

Amendments tabled by the Committee  
on Economic and Monetary Affairs

Text proposed by the Commission  
of the European Communities

Proposal for a Council decision  
empowering the Commission to help finance  
innovation within the Community  
(Doc. 1-529/83)

Preamble and recitals unchanged

Article 1 unchanged

Amendment 1

Article 2:

The borrowings contracted pursuant to Article 1 hereof shall be used exclusively to fund, under the name of 'European Innovation Loans', innovative projects in sectors which introduce new products, devise new processes or apply innovatory technologies. These loans shall benefit small and medium-sized enterprises established in the Community, and shall be granted via appropriate financial intermediaries. Priority shall be given to the projects of small enterprises.

Notwithstanding Article 3, second paragraph, and Article 5 of

Article 2

The borrowings contracted pursuant to Article 1 hereof shall be used exclusively to fund, under the name of 'European Innovation Loans', innovative projects in sectors which introduce new products, devise new processes or apply innovatory technologies. These loans shall benefit small and medium-sized enterprises established in the Community, and shall be granted via appropriate financial intermediaries.

Notwithstanding Article 3, second paragraph, and Article 5 of

Decision 83/200/EEC, the European Innovation Loans shall be granted in accordance with the following provisions.

Decision 83/200/EEC, the European Innovation Loans shall be granted in accordance with the following provisions.

Articles 3 to 6 unchanged

Amendment 2

Article 7:

Two years at the latest after adoption of this Decision, and in any case when loans granted total 80 million ECU, the Council shall examine, on basis of a report by the Commission and after consulting the European Parliament, whether the principles and conditions of the scheme are still adapted to the needs which led to its creation.

Article 7

Two years at the latest after adoption of this Decision, and in any case when loans granted total 80 million ECU, the Council shall examine, on basis of a report by the Commission, whether the principles and conditions of the scheme are still adapted to the needs which led to its creation.

## MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal for a Council decision empowering the Commission to help finance innovation within the Community

The European Parliament,

- having regard to the proposal from the Commission (COM(83) 241 final),<sup>1</sup>
  - having been consulted by the Council (Doc. 1-529/83),
  - having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Budgets and the Committee on Energy, Research and Technology (Doc. 1-1013/83),
  - having regard to the result of the vote on the Commission's proposal,
- A. recalling its resolutions of 19 February 1982 on the situation of small and medium-sized undertakings in the Community and of 16 December 1982 on the decision empowering the Commission to contracts loans under NCI III,
1. Stresses how decisive the innovative capacity of undertakings is for maintaining technological progress, employment and competitiveness;
  2. Calls attention, however, to the specific problems associated with the financing of innovation, arising from the fact that the risk is substantially higher than with other types of investment and the fact that profits are slower to materialize;
  3. Stresses that these financing problems are even more serious in the case of the SMUs and accordingly endorses the objective of the proposal in question, which is to facilitate innovation in the SMUs through the allocation of a tranche of 100 million ECU under NCI III;
  4. Approves, therefore, the rules applicable to European innovation loans enumerated in Article 3 of the proposal for a decision, notably that the

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<sup>1</sup>OJ No, C 178, 5 July 1983, p.4

loans shall normally be granted for a period of 10 years, that no security shall be required from the recipient undertaking, that there shall be an interest moratorium whose discounted cost may not exceed 20% of the principal, that the financial intermediary shall contribute an amount equivalent to the European innovation loan and that the loans shall be of a subordinate nature; considers, however, that certain provisions are too imprecise and requests the Commission to submit to it the agreement with the EIB in which those provisions should be clarified;

5. Considers that the choice of financial intermediaries, who must be solvent, furnish proof of sound financial management and be capable of making a technically accurate assessment of the innovation projects submitted, is likely to be difficult if they have to agree to contribute an amount equivalent to the European innovation loan;
6. Agrees with the Commission that, by requiring the financial intermediaries to contribute an amount equivalent to the European innovation loan, the quality of the projects to be assisted will be better guaranteed; fears, however, that the agreement of the financial intermediaries to pay such a contribution will depend, in large measure, on the guarantee they receive from their Member State;
7. Stresses that, in order to ensure that the SMUs apply for innovation loans and hence guarantee the scheme's success, adequate publicity directed at potential beneficiaries will be of major importance; for the purpose of choosing the financial intermediaries, due account will have to be taken of the fact they will have to assume responsibility for such publicity;
8. Re-emphasizes, therefore, the view expressed in its resolution of 19 February 1982, namely that it is essential for the Community institutions to be



able to enter into a dialogue with national counterparts in order to achieve the optimum allocation of Community funds, meet loan conditions and ensure reimbursement; considers that in order to ensure that Community funds are distributed promptly and on a sufficiently decentralized basis in the various regions it may be useful in some Member States to promote the setting up of pools of approved banking organizations specializing in the financing of SMUs;

9. Notes and approves the Commission's intention to give priority to the projects of small undertakings; considers, however, that mention should be made of this intention in the decision; calls on the Commission, therefore, to spell out in the report which it must deliver pursuant to Article 7 of the decision and which should also be submitted to Parliament, those categories of undertaking which have received a loan, so that Parliament can ascertain whether the chosen criteria have really been met;
10. Notes that the Commission intends, where appropriate, to grant loans in the national currency of the borrower, in order to make such loans possible in all the Community countries, including those with low interest rates;
11. Considers the European innovation loan to be positive instrument for the development of the SMUs and for economic recovery; pronounces in favour of the rather modest amount proposed, given the experimental nature of the scheme; considers, however, that if it is successful, it must be pursued and developed further;
12. Reserves the right to open the conciliation procedure should the Council depart from this opinion;

15. Instructs its President to forward to the Commission and Council, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.