

## **NEW SOURCES OF GROWTH IN THE EU**

Ladies and gentlemen,

Let me start by saying that I am very happy to be here at Regent's College, a place that produces entrepreneurs of our future. I encourage you to make good use of your business ideas and help us boost growth in Europe!

As you are all aware, European businesses are facing incredibly challenging times and are being hit by the present economic climate and the accompanying financial instability. This uncertainty leads to lower investment and consumption and to an even worse economic outlook.

We must break this vicious circle. There is no time to wait – we must act now to restore confidence in Europe. Europe has a lot going for it: **excellent** research institutions, **excellent** infrastructure, world class businesses, a big single market, and **most** importantly, a highly skilled workforce.

What is currently lacking is an abundance of public resources. This is why the Commission is proposing a programme to free the existing resources to focus on competitiveness and growth. This programme has to be enacted together, at European and national level. There is a lot that can be done at national level to improve the competitiveness of our economies.

I would like to highlight four key points that build on our strengths.

**Firstly, the business environment.** Europe is one of the best places in the world to do business, but its position is being challenged by others improving faster than we are.

An open and effective business environment is a catalyst for growth. It promotes business activity and reduces unnecessary costs for enterprises. Today's entrepreneurs should be able to rely on fair competition, modern public services, an available e-government, and transparent fiscal regulations. But entrepreneurs are still

confronted with time-consuming procedures when starting companies and obtaining licences.

It should be attractive to own and run a business in Europe.

So what can we do to improve the business environment? We are working to improve and modernize infrastructure: smart grids, transport links and broadband networks with the help of public-private partnerships, government risk guarantees and EU project bonds. We intend to make it easier for companies to register and to obtain construction permits.

Over the past few years, many EU countries have adopted legislation and set up "one stop shops" to make it easier to start up a company. It now takes 9 days, **on average** and we want to reduce it to 3 days or less, with a cost of less than €100. **Both** Member States and the Commission are working on cutting red tape for businesses. We have to make sure that new EU and national policies do not increase the burdens imposed on enterprises.

**Secondly, the Single Market.** We have to ensure that the Single Market works effectively in all domains: goods, services, networks, utilities, and of course, in the digital economy. There is currently no digital single market, while estimates suggest a truly digital single market could boost EU GDP by as much as €110 billion a year. It would allow cross border online sales and recognise cross border electronic signatures.

A strong single market creates a strong home base for all our companies and allows them to face external competition more efficiently. By 2015, 90% of world growth will be generated outside Europe. By 2030, developing and emerging countries will account for nearly 60% of world GDP. Today, only 13% of European SMEs are internationally active outside the EU! European SMEs have to be a part of the future and we need to find the best ways to help "Small Companies" prosper in the "Big World".

My goal is to help them through measures like access to global venture capital markets and training of export sales managers. We are also trying to provide information and support by creating EU business Centers abroad.

A **third** strength is that **Europe is producing at the technological frontier**. Europe is also the region in the world where production is most sustainable. We can take advantage of the opportunities created by a more sustainable economy.

I am promoting policies that aim at boosting the competitiveness of Europe's enterprises through research, innovation and the development of skills in Europe. New and innovative companies are critical for boosting growth and creating jobs: it is our way out of the crisis.

This is why we encourage Member States to reduce the fragmentation of national innovation policies and improve cooperation between business and academia. We are working together to create the right business environment for new technologies to emerge. Research has to be better

commercialized and translated into marketable goods and services. Europe is striving to improve technology transfer and provide more incentives for companies to innovate and use the available research infrastructure.

But what is the best way to foster innovation and upgrade skills? We believe that Research & Development policies could be improved not only by increasing public spending, but also by moving from direct funding to Research & Development tax credits. Particular attention also needs to be paid to key enabling technologies, such as nanotechnologies, advanced materials, industrial biotechnology. These are expected to grow by up to 50% by 2015, creating thousands of new jobs. This is why, "Horizon 2020", the programme for investment in research and innovation (around 80 billion Euro for the period 2014-2020), is putting a strong focus on industrial innovation and key enabling technologies.

Ladies and Gentlemen,

Your presence here helps me prove **my last point**: you are all here because you **want to get the education and skills** you need to be able to meet the demands of the labour market. I am here to ensure that enterprises are able to hire the employees they need, with the skills they need. Studying entrepreneurship and business management in schools should become a wider practice. The bright young people that we have in Europe should be encouraged to become entrepreneurs. You are our future and we rely on you to bring growth to the European Union.

Small and medium-sized enterprises (SMEs) play a central role in the European economy. They account for 99% of enterprises in the EU and are the largest source of job creation. SMEs are currently facing a **credit crunch** in many EU countries. In the last two years, almost a third of SMEs failed to get a bank loan or got less than what they applied for. This means that stabilising and recapitalising the banking sector must go hand in hand with ensuring that

credit lines are still available. We have to ensure that SMEs benefit from various sources of financing.

This is why the Commission has put forward an Action Plan to improve access to finance for SMEs. Most recently, the Commission presented a proposal for a new EU venture capital framework. The purpose is to create a genuine internal market for venture capital funds. In addition, the future Programme for the competitiveness of enterprises and SMEs (COSME) has a total proposed budget of 2.5 billion Euros, of which more than half should be allocated to financial instruments. The Commission is also insisting that Member States transpose as soon as possible the Late Payments Directive, that limits the amount of time the public administration has to pay its debts. A quick repayment of these debts would release a substantial amount of resources to the real economy.

**Let me conclude with 3 very precise ideas on achieving additional growth in Europe without capital:**



- One, we should have the courage to adopt a **selective moratorium** on new legislation on European business, if the competitiveness of Europe is at stake;
- Two, we urgently need **more woman entrepreneurs** in Europe. To support women owned businesses, in 1988, the United States adopted the "Women's Business Ownership Act". The ratio of female to male entrepreneurs in the US is now about 2 to 1. Let me stress that the number of women business owners in the US, as a percentage of all business, increased from 26% in 1992 to 57% in 2002. I do not say we also have to adopt a law at European level. I do say, however, that we have to find ways to achieve a similar outcome.
- Three, we need a **more modern visa policy** which can attract the growing middle classes in Russia, China, India and Brazil. President Obama has amended US visa legislation to attract more tourism. I am in favour of doing some thinking along similar lines in Europe. Without undermining our security we need to attract more tourists to Europe.

I encourage you to use your smart business ideas and create tomorrow's success stories! Good Luck!