



Recommendation 895 (1980)¹

Future of small and medium-sized businesses in Europe

Parliamentary Assembly

The Assembly,

1. Taking note of the report on the future of small and medium-sized businesses (SMBs) in Europe ([Doc. 4555](#)), presented by its Committee on Economic Affairs and Development ;
2. Recognising that, through their dynamism and innovative capacity, SMBs are important for balanced economic development by facilitating in particular industrial adjustment and restructuring on the sectoral or geographical basis, and thus are also vital for the maintenance and creation of employment ;
3. Emphasising the need for research into the exact nature of the job-generating process in SMBs, so as to improve governments' ability to adopt incentive policies, in particular through fiscal measures, designed to increase employment most effectively ;
4. Considering that the existence of a large number of SMBs in Council of Europe countries is an essential condition for safeguarding the market mechanism and conditions of fair competition, and an important element in the free choice of employment and the maintenance and development of individual freedom in general ;
5. Recognising also that the development of SMBs is hampered by such problems as inadequate access to capital and credits, marketing (especially for external trade), professional training and research ;
6. Considering that government policies, legislation and regulations that are wholly neutral in intention and an undue amount of bureaucratic procedures often have unintended structural effects that are harmful to SMBs, and recognising the need for flexibility in legislation for SMBs ;
7. Considering that, since there is no substitute for the dynamic influence of new firms in preventing the ossification of the economy, the maintenance of effective freedom of entry for new industrial and commercial businesses, and of fair conditions in which they can operate and grow is of primary concern to all Council of Europe countries ;
8. Noting that SMBs are making a significant contribution to the preservation of scarce resources by their special capability to produce goods of durable quality and to carry out repair work ;
9. Considering the important contribution which certain craft trades can make to the quality of life and the preservation of Europe's artistic heritage, welcomes the initiative taken by the Committee of Ministers to study the situation of traditional and declining craft trades ;
10. Recommends that the Committee of Ministers invite the governments of member states :
 - 10.1. to pursue effective competition policies through permanent surveillance of fair conditions of competition, and the control of mergers solely designed to reduce competition, the maintenance of which is of vital importance to SMBs ;
 - 10.2. to examine with great attention the measures and facilities, in particular in the social and fiscal fields, likely to create a general economic climate in which SMBs can increase their contributions to economic and social progress and to the creation of employment ;

1. See [Doc. 4555](#), report of the Committee on Economic Affairs and Development. Text adopted by the Standing Committee, acting on behalf of the Assembly, on 3 July 1980.



10.3. to avoid undue inflexibility in regulations on the establishment and functioning of enterprises, so as not to discourage the spirit of initiative and, in general, to alleviate the bureaucratic burden falling upon SMBs ;

10.4. to co-operate more closely with the professional organisations of all categories of SMBs to study problems and monitor progress in each sector of their activities, so as to work out in consultation policy measures designed to eliminate obstacles to the development of SMBs ;

10.5. to pursue the efforts already being taken in aid of declining craft trades, both through direct support action intended to ensure the survival of those endangered craft trades which deserve it from a social and cultural point of view and through a more far-sighted action aimed at preserving and reviving craft activities mainly by way of effective measures taken in the spheres of educational, vocational training and employment policies ;

10.6. to examine with great attention ways and means to facilitate the access of SMBs to private or public capital and credit resources (for example, through government-guaranteed loan systems, easier access to the stock exchange, temporary direct participation) ;

10.7. to promote forms of co-operation among SMBs with a view to exploring and developing new markets, especially abroad, and to facilitate technological innovation in small and medium-sized industries either directly or in liaison with the appropriate sources of professional advice ;

10.8. to reduce the danger of the dissolution of SMBs by making legislation on succession rights, notably concerning the succession of founders of SMBs, more flexible in the interest of the firms concerned and their staff ;

10.9. to assist in the setting-up and improving of professional training schemes for owners and staff of SMBs, in particular in fields for which SMBs show traditional weaknesses, such as management and marketing, and to set up - where they do not yet exist - small and medium-sized business advisory bureaux to provide information in response to queries and assistance on technical, financial, commercial and management problems ;

10.10. to make it easier for SMBs to have real access to government procurement schemes ;

10.11. to encourage SMBs to participate in development co-operation projects, for example through the twinning of European SMBs and their counterparts in developing countries and in conjunction with the International Centre for Advanced Technical and Vocational Training in Turin, thus facilitating the transfer of technical and commercial know-how and strengthening economic links (one suitable form for such cooperation is joint ventures) ;

11. Recommends that the Committee of Ministers set up in accordance with the proposal contained in Assembly [Opinion No. 98 \(1980\)](#) on the second medium-term plan 1981-86, an ad hoc committee of governmental experts to examine, in consultation with the professional organisations concerned, ways and means of implementing the proposals contained in this recommendation.