



Resolution 1138 (1997)¹

Promoting small and medium-sized enterprises in central and eastern Europe

Parliamentary Assembly

1. The Assembly has taken note of the conclusions reached at its colloquy on the promotion of small and medium-sized enterprises in central and eastern Europe, held in Budapest in November 1996 as part of the overall effort of the Assembly to further economic reform in that region.
2. The Assembly welcomes the growth of small and medium-sized enterprises (SMEs) in central and eastern Europe in recent years, a feat all the more remarkable considering the region's heavy historical legacy and the painful transition process. It recognises the enormous effort expended by the countries concerned to make this development possible, through measures such as legislation fostering SMEs, appropriate macroeconomic policies, structural reform, decentralisation, new education and training policies and trade liberalisation. The rapid growth registered by many countries underlines the importance of SMEs in any economy for long-term growth, healthy competition, dynamism and innovation, particularly in today's world of rapidly changing markets and communications.
3. The Assembly is also, however, aware of some considerable difficulties still remaining. It identifies the following areas as being of particular importance for the further creation and growth of SMEs in central and eastern Europe :
 - 3.1. facilitating access under privileged terms to investment capital for SMEs, not least through continued liberalisation of the banking sector;
 - 3.2. ensuring that privatisation of state companies does not give rise to new monopolies but rather to improved competition;
 - 3.3. shaping transparent, simple and stable legislation relieving SMEs of administrative and regulatory hurdles as far as possible and offering them, wherever possible, advantageous tax and social security conditions;
 - 3.4. providing adequate infrastructure investment in telecommunications, transport and other areas, and using telecommunications in particular to inform SMEs about matters of interest to them;
 - 3.5. encouraging the formation of SME interest organisations capable of articulating the companies' particular concerns and wishes;
 - 3.6. taking resolute action to protect SMEs against the effects of corruption and racketeering wherever such may occur;
 - 3.7. ensuring that an adequate proportion of government procurement goes to SMEs rather than big companies;
 - 3.8. ensuring that the educational system can develop a spirit of enterprise among young people, offer them a moral code encouraging them to shoulder responsibilities and prepare them practically for setting up their own business.

1. See [Doc. 7948](#), report of the Committee on Economic Affairs and Development, rapporteur : Mr Figel. Text adopted by the Standing Committee, acting on behalf of the Assembly, on 7 November 1997.



4. The Assembly recalls the duty of the countries in western Europe to promote free trade with the continent's central and eastern regions capable of assisting SMEs there, and to promote SMEs in their own countries in the economic interest of Europe as a whole.

5. Finally, the Assembly welcomes the contribution made in favour of SMEs through such institutions as the European Union, the European Bank for Reconstruction and Development, the World Bank and the Council of Europe's Social Development Fund. It encourages the Fund to enhance its support for SMEs in central and eastern Europe, notably through intermediary credit institutions and micro-credit programmes, and recalls the concomitant interest of central and east European countries which have not yet done so to become members of the Fund.