Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC (Text with EEA relevance)

REGULATION (EU) No 1287/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 11 December 2013

establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 173 and 195 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[(1)],

Having regard to the opinion of the Committee of the Regions[(2)],

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The Commission adopted a Communication entitled "Europe 2020 - A strategy for smart, sustainable and inclusive growth" in March 2010 ("the Europe 2020 Strategy"). The Communication was endorsed by the European Council of June 2010. The Europe 2020 Strategy responds to the economic crisis and is intended to prepare the Union for the next decade. It sets five ambitious objectives on climate and energy, employment, innovation, education and social inclusion to be reached by 2020, and identifies key drivers for growth aimed at making the Union more dynamic and competitive. It also emphasises the importance of reinforcing the growth of the European economy while delivering a high level of employment, a low-carbon, resource- and energy-efficient economy and social cohesion. Small and medium-sized enterprises (SMEs) should play a crucial role in reaching the Europe 2020 Strategy objectives. Their role is reflected by the fact that SMEs are mentioned in six out of seven of the flagship initiatives of the Europe 2020 Strategy.

(2) In order to ensure that enterprises, particularly SMEs, play a central role in delivering economic growth in the Union, which is a top priority, the Commission adopted a Communication entitled "An Integrated industrial policy for the globalization era,

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putting competitiveness and sustainability at centre stage" in October 2010, which was endorsed by the Council of December 2010. This is a flagship initiative of the Europe 2020 Strategy. The Communication sets out a strategy aiming to boost growth and jobs by maintaining and supporting a strong, diversified and competitive industrial base in Europe, in particular by improving framework conditions for enterprises and strengthening several aspects of the internal market, including business-related services.

(3) In June 2008 the Commission adopted a Communication entitled "Think Small First - A "Small Business Act for Europe", which was welcomed by the Council of December 2008. The Small Business Act (SBA) provides a comprehensive policy framework for SMEs, promotes entrepreneurship and anchors the "Think Small First" principle in law and policy in order to strengthen the competitiveness of SMEs. The SBA establishes ten principles and outlines policy and legislative actions to promote SMEs' potential to grow and create jobs. Implementation of the SBA contributes to achieving the objectives of the Europe 2020 Strategy. Several actions for SMEs have already been set out in the flagship initiatives.

(4) The SBA has since been the subject of a review, published in February 2011, on the basis of which the Council on 30 and 31 May 2011 adopted conclusions. That review takes stock of the implementation of the SBA and assesses the needs of SMEs operating in the present economic environment, in which they find it increasingly difficult to obtain access to finance and to markets. It presents an overview of the progress made in the first two years of the SBA, sets out new actions to respond to challenges resulting from the economic crisis that stakeholders have reported, and proposes ways to improve the uptake and implementation of the SBA with a clear role for stakeholders and business organisations on the front-line. The specific objectives of a programme for the competitiveness of enterprises and SMEs should reflect the priorities set out in that review. It is important to ensure that the implementation of such a programme is coordinated with the implementation of the SBA.
In particular, actions under the specific objectives should contribute to fulfilling the above-mentioned ten principles and the new actions identified in the process of reviewing the SBA.

(5) Council Regulation (EU, Euratom) No 1311/2013[(3)] lays down the multiannual financial framework for the years 2014-2020. That multiannual financial framework describes how the policy goals of increasing growth and creating more jobs in Europe, and establishing a low-carbon and more environment-aware economy and internationally prominent Union will be achieved.

(6) In order to contribute to the reinforcement of competitiveness and sustainability of Union enterprises, in particular SMEs, to support existing SMEs, to encourage an entrepreneurial culture and to promote the growth of SMEs, the advancement of the knowledge society, and development based on balanced economic growth, a programme for the competitiveness of enterprises and SMEs ("the COSME programme") should be established.

(7) The COSME programme should give high priority to the simplification agenda, in accordance with the Commission Communication of 8 February 2012 entitled "A

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Simplification agenda for the MFF 2014-2020". The spending of Union and Member States' funds on the promotion of the competitiveness of enterprises and SMEs should be better coordinated in order to ensure complementarity, better efficiency and visibility, as well as to achieve greater budgetary synergies.

(8) The Commission has committed itself to mainstreaming climate action into Union spending programmes and to direct at least 20 % of the Union budget to climate-related objectives. It is important to ensure that climate change mitigation and adaptation as well as risk prevention is promoted in the preparation, design and implementation of the COSME programme. Measures covered by this Regulation should contribute to promoting the transition to a low-carbon and climate-resilient economy and society.

(9) It follows from Council Decision 2001/822/EC[(4)] that entities and bodies of the overseas countries and territories are eligible to participate in the COSME programme.

(10) The competitiveness policy of the Union is intended to put into place the institutional and policy arrangements that create conditions for the sustainable growth of enterprises, particularly SMEs. Achieving competitiveness and sustainability entails the ability to attain and maintain the economic competitiveness and growth of enterprises in accordance with sustainable development objectives. Improved productivity, including resource and energy productivity, is the primary source of sustainable income growth. Competitiveness also depends on companies' ability to take full advantage of opportunities such as the internal market. This is especially important for SMEs, which account for 99 % of enterprises in the Union, provide two out of three existing jobs in the private sector, and 80 % of newly-created jobs, and contribute more than half of the total added value created by enterprises in the Union. SMEs are a key driver for economic growth, employment and social integration.

(11) The Commission Communication of 18 April 2012 entitled "Towards a rich job recovery" estimated that policies promoting a transition to a green economy such as resource-efficiency, energy-efficiency, and climate change policies could generate more than five million jobs by 2020, and in particular in the SME sector. Bearing this in mind, specific actions under the COSME programme could include promoting the development of sustainable products, services, technologies and processes, as well as resource- and energy-efficiency and corporate social responsibility.

(12) Competitiveness has been put under the spotlight of Union policy-making in recent years because of the market, policy and institutional failures that undermine the competitiveness of Union enterprises, particularly SMEs.

(13) The COSME programme should therefore address market failures which affect the competitiveness of the Union economy on a global scale and which undermine the capacity of enterprises, particularly SMEs, to compete with their counterparts in other parts of the world.

(14) The COSME programme should particularly address SMEs, as defined in Commission Recommendation 2003/361/EC[(5)]. In the application of this Regulation, the Commission should consult all relevant stakeholders, including organisations representing SMEs. Particular attention should be paid to micro enterprises, enterprises

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engaged in craft activities, the self-employed, the liberal professions and social enterprises. Attention should also be paid to potential, new, young and female entrepreneurs, as well as to other specific target groups, such as older people, migrants and entrepreneurs belonging to socially disadvantaged or vulnerable groups such as persons with disabilities and to the promotion of business transfers, spin-offs, spin-outs and second chances for entrepreneurs.

(15) Many of the Union's competitiveness problems involve SMEs' difficulties in obtaining access to finance because they struggle to demonstrate their credit-worthiness and have difficulties in gaining access to risk capital. Those difficulties have a negative effect on the level and quality of the new enterprises created and on the growth and survival rate of enterprises, as well as on the readiness of new entrepreneurs to take over viable companies in the context of a transfer of business/succession. Union financial instruments put in place under Decision No 1639/2006/EC of the European Parliament and of the Council[(6)] have a proven added value and have brought a positive contribution to at least 220 000 SMEs. The enhanced added value for the Union of the proposed financial instruments lies, inter alia, in strengthening the internal market for venture capital and in developing a pan-European SME finance market as well as in addressing market failures that cannot be addressed by Member States. The Union's actions should be coherent, consistent and complementary to the Member States' financial instruments for SMEs, provide a leverage effect and avoid creating market distortion, in accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council[(7)]. The entities entrusted with the implementation of the actions should ensure additionality and avoid double financing through Union resources.

(16) The Commission should pay attention to the visibility of financing provided through the financial instruments of this Regulation so as to ensure that the availability of Union support is known and that the support provided is recognised in the market. To that end, there should also be an obligation for financial intermediaries to explicitly highlight to final recipients that financing was made possible through the support of the financial instruments under this Regulation. The Commission and the Member States should take adequate measures, including by means of user-friendly online systems, to disseminate information on the available financial instruments among SMEs and intermediaries. Those systems, which could include a single portal, should not duplicate existing systems.

(17) The Enterprise Europe Network ("the Network") has proven its added value for European SMEs as a one-stop-shop for business support by helping enterprises to improve their competitiveness and explore business opportunities in the internal market and beyond. The streamlining of methodologies and working methods and provisions of a European dimension to business support services can only be achieved at Union level. In particular, the Network has helped SMEs to find cooperation or technology transfer partners in the internal market and third countries, obtain advice on sources of Union financing, on Union law and intellectual property and on Union programmes to encourage eco-innovation and sustainable production. It has also obtained feedback on Union law and standards. Its unique expertise is particularly important in overcoming

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information asymmetries and alleviating transaction costs associated with cross-border transactions.

(18) A continued effort is needed to further optimise the quality of the services and performance of the Network, in particular with regard to SMEs' awareness and subsequent take-up of the services proposed, by further integrating internationalisation and innovation services, enhancing cooperation between the Network and regional and local SME stakeholders, consulting and better involving host organisations, reducing bureaucracy, improving IT support and enhancing the visibility of the Network and its services in the geographical regions covered.

(19) The limited internationalisation of SMEs both within and outside Europe affects competitiveness. According to some estimates, currently 25 % of Union SMEs export or have exported at some point over the last three years, while only 13 % of Union SMEs export outside the Union on a regular basis and only 2 % have invested outside their home country. In addition, the 2012 Eurobarometer survey shows the untapped potential for SMEs' growth in green markets, within and outside the Union, in terms of internationalisation and access to public procurement. In line with the SBA, which called on the Union and the Member States to support and encourage SMEs to benefit from the growth of markets outside the Union, the Union provides financial assistance to several initiatives such as the EU Japan Centre for Industrial Cooperation and the China Intellectual Property Rights SME helpdesk. Union added value is created by promoting cooperation and by offering services at European level which complement but do not duplicate the core trade promotion services of Member States and which strengthen the combined efforts of public and private service providers in this field. Such services should include information on intellectual property rights, standards and public procurement rules and opportunities. Part II of the Council Conclusions of 6 December 2011, entitled "Reinforcing implementation of industrial policy across the EU", on the Commission Communication entitled "An Integrated industrial policy for the globalization era, putting competitiveness and sustainability at centre stage", should be fully taken into account. In that respect, a well-defined European cluster strategy should complement national and regional efforts to encourage clusters towards excellence and international cooperation, taking into account the fact that the clustering of SMEs can be a key means of strengthening their capacity to innovate and to begin operating in overseas markets.

(20) To improve the competitiveness of Union enterprises, particularly SMEs, the Member States and the Commission need to create a favourable business environment. The interests of SMEs and the sectors in which they are most active need particular attention. Initiatives at Union level are also necessary in order to exchange information and knowledge on a European scale, and digital services can be particularly cost-effective in this area. Such actions can help develop a level playing-field for SMEs.

(21) The gaps, fragmentation and unnecessary red tape within the internal market prevent citizens, consumers and enterprises, particularly SMEs, from reaping its full benefits. Therefore a concerted effort on the part of Member States, the European Parliament, the Council and the Commission to address the implementation, legislative and information