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SME'S ACCESS TO FINANCE

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New SME finance tools launched amid worsening gloom

A new European Commission-backed SME funding instrument, launched last week, seeks to entice increasingly wary banks to back the strapped sector by matching risk associated with innovative companies. But SMEs feel gloomier than ever, new data show.

The Risk Sharing Instrument (RSI) signed its first agreement with UniCredit Bank Austria to support up to €120 million of lending over two years.

The instrument was developed by the European Commission in partnership with the European Investment Fund (EIF), the specialist provider of SMEs for the European Investment Bank (EIB), based in Luxembourg.

The RSI aims to encourage banks to provide loans and leases of between €25,000 and €7.5 million to SMEs and small mid-caps undertaking research, development or innovation, and seeking finance for investments or working capital.

"Looking at the equity market, statistics reveal that the shortage of risk capital continues. Overall, the situation of SMEs is really tight when trying to access finance so that there is an unresolved flight to quality," Richard Pelly, EIF chief executive, told EurActiv.

UniCredit Bank Austria is the first bank in Europe to offer the RSI-backed loans, but others are expected to follow before year end.

New role to encourage private-sector cash

The new risk sharing instrument reflects the way the role of the EIF has changed in recent years, Pelly said, expanding its role from fund-of-fund manager designed to stimulate SME lending, to new business collaborations with business angels and corporate investors – such as the RSI banks.

Since the collapse of Lehman Brothers in September 2008 triggered the current financial crisis, Pelly said that the EIF has tripled its equity commitments and doubled guarantee volumes. "Talking in figures: We have committed €1.1 billion in equity in 2011 which catalysed €6 billion in new risk finance for Europe's SMEs," he said.

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Pelly said that the share of public resources – such as funding from Commission and member state-backed subsidy schemes – has increased significantly as a percentage of total lending since the onset of the crisis, and the EIF contributes about 50% of the public money currently invested in SMEs across Europe.

"As the effects of the financial crisis are likely to continue, we are striving towards achieving a balanced and sustainable equity ecosystem by stimulating private sector investments. This also includes investments with new partners, such as corporate investors, to target specific sectors and helping them to leverage their own investments," Pelly said.

However the increasing wedge of public funding of SMEs relative to the private sector reflects serious difficulties that the mid-market sector is experiencing raising loan finance.

SMEs are 'downright pessimistic'

Following ongoing evidence of hardening access to finance earlier this week, a report issued on 16 October found that sentiment among SMEs themselves has sunk to new lows.

European SMEs have moved from deep uncertainty to 'downright pessimism', according to a survey of business sentiment conducted by UEAPME, which represents crafts and smaller businesses.

UEAPME's "SME Business Climate Index" fell from 70.5 to 67.5, below the 70-point barrier UEAPME sees as a neutral business climate.

All the measured economic indicators declined compared to the first half of the year, with the smallest companies indicating they are the hardest hit at the moment.

SMEs to get special research budget, but how much is unclear

EU ministers with research portfolios have agreed new funding procedures for SMEs so that they can more easily access funds from the EU's next framework programme for research – called Horizon 2020 – but the exact sums remain in doubt.

Ministers agreed on 11 October to an incentive mechanism within the Horizon programme, with its proposed €80 billion budget, designed to encourage the participation of small and medium enterprises.

This will see a proportion of the Horizon budget set aside for SMEs within a special legal instrument, designed to target businesses with a potential to grow rapidly and expend internationally.

Participating companies will not be required to dedicate a large part of their activities to research. The instrument is designed to push business opportunities and focus on bringing new technologies on the markets.

A reimbursement rate of 70% will apply to close-to-market activities under the future rules of participation.

Special terms for SMEs

Small businesses may also participate in collaborative research projects where the reimbursement rate reaches 100%, under the rules of participation.

The ministers also agreed to raise the flat rate payable for indirect costs

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on Horizon programmes from 20% to 25%, and called for creating an €8,000 bonus to compensate researchers for personnel costs.

What this will all be worth in cash terms remains subject to two key issues yet to be agreed: what percentage of Horizon will be ring-fenced for SMEs, and how much money will be available in Horizon itself.

In September, members of the European Parliament's Industry, Research and Energy Committee called for 20% of Horizon 2020 funding to go to small businesses.

Paul Rübig, a Christian-Democrat MEP from Austria, is among those who suggested amendments to the Commission's proposal regarding SME financing.

"While Framework 7 held and is likely to achieve a target of 15%, a more ambitious but realistic and achievable goal is needed to fully exploit the SMEs' innovative potential," Rübig wrote in a report.

Spanish MEP Teresa Riera Madurell (Socialists and Democrats), who is drafting the Parliament's response on establishing Horizon 2020, agreed that 20% should be a binding target.

Belgian MEP Philippe Lamberts (Greens) said that "at least 10%" of the Horizon 2020 budget should go to the special instrument meanwhile, saying that this should be managed by a single, dedicated Commission department.

The special funding system would allow businesses to take the lead in projects instead of being added as token applicants, says Gerhard Huemer, policy director at the European Association of Craft, Small and Medium-sized Enterprises.

Questions over Horizon budget remain

Huemer said Máire Geoghegan-Quinn, EU commissioner for research and innovation, "has reassured us on other key aspects, such as less red tape and the use of the official SME definition. Unfortunately, she has made no commitments on the budget issue."

"We hope that Parliament and Council will secure this crucial request in the months ahead," he said.

Meanwhile, there are serious doubts that the ambitious provisional budget for Horizon – it would be the largest research budget in the world – will stand the difficult negotiations to come in the general budget talks.

Jan Olbycht, the Polish vice chairman of the European People's Party, told EurActiv on 26 September that research should not take the lion's share of the budget at the expense of other areas like regional policy, which tend to benefit poorer EU countries.

His comments underline tensions over spending up as negotiations on the EU's 2014-2020 budget enter the final stages, with an agreement expected by the end of 2012.

Venture capital impetus to counter SME finance malaise

Pan-European venture capital and US-style 'angel investors' are set to be boosted to fight a continuing malaise in Europe's small and medium-sized enterprises (SMEs) sector, along with measures to reduce red tape.

A report on innovation published in late September by the European Commission noted that since 2009, access to bank loans has deteriorated in more than half of EU member states.

Access to credit was the easiest in Finland, followed by Latvia, Sweden, Poland and Austria. But it remained ''relatively difficult'' or has worsened in Ireland, Italy, France, Luxembourg, Hungary, the United Kingdom, the Netherlands and Spain, the report said.

That reflected the 17-country survey by the European Central Bank earlier this year, which showed a worsening predicament for SMEs seeking access to finance, with 27% recording deteriorating profits between October 2011 and March 2012.

This was almost twice as many as the 15% which recorded falling profits during the previous six months. Over the same period there was a 2% rise in need for banking finance, up from 17% to 19%.

Hardening conditions for accessing finance

"There is clearly a deterioration in investment as witnessed by the statistics. But also a hardening in the conditions being required by banks. The banks are looking at the impact of increased regulation and planning for that accordingly," said Richard Pelly, chief executive of the European Investment Fund.

With a faltering access to finance, the Commission will attempt to open up more venture capital and US-style financing methods, and to revisit the age-old problem of burdensome red tape.

The EU executive aims to simplify the process through which venture capitalists raise funds across the region – for the benefit of start-ups – under the banner of a European Venture Capital Fund.

The proposal will make it easier for venture capitalists to raise funds across Europe for the benefit of start-ups. Once a set of requirements is met, all qualifying fund managers can raise capital under the designation "European Venture Capital Fund" across the EU.

In search of 'angels'

No longer will they have to meet complicated requirements that are different in every member state.

The regulation is awaiting formal adoption by the European Parliament and the Council, but agreement is expected in the next couple of months.

In addition, 'angel' investors – individuals who invest cash and expertise in start-up ventures in return for equity – are being encouraged by the European Investment Fund, Europe's venture capital 'fund of funds'.

"It is well known that angels have processes and vision that is longer term, and as individual investors they are less likely to pull out in a downturn. Such angel investors are playing an important role in US and elsewhere," Pelly told EurActiv.

The EIF has brokered a deal to enable angel finance in partnership with the German Federal Ministry of Economics and Technology, in which each matches the others investment resources.

"We are looking at creating similar schemes within Spain and Austria," Pelly said.

Red tape still an issue

Meanwhile, the struggle to reduce red tape continues following a Commission request for ideas before the SME Week Summit (see background). The EU executive wants feedback from smaller businesses on the top-10 burdensome laws.

The European Parliament' industry committee recently published a report on competitiveness and business opportunities for SMEs. It calls for a 'fitness check' to be done to existing rules, with the aim of removing obsolete and ineffective EU laws.

Entrepreneurship envoys to fix uneven SME performance

Increasing divergence in the performance of Europe's small and medium sized enterprises (SMEs) is contributing to a jobless recovery and, says a new Commission report calling for more cross-border efforts and a new entrepreneurial policy to redress the situation.

The Commission's SME Performance Review 2012 report, conducted by consultancy Ecorys, confirmed the domination of the European business market by SMEs, with 98% of all enterprises with some 20.7 million firms and more than 87 million people employees.

The lion's share of these firms (92%) are micro firms, employing fewer than 10 employees, but performance of across the EU is increasingly divergent, said the report, published yesterday (15 October).

Considerable variance across EU

In the majority of member states, SMEs have so far been unable to bounce back to their pre-crisis levels, the report said.

It assessed the performance of SMEs across member states according to whether countries reached their pre-2008 level of SME real value added and employment, and reviewed the speed of recovery since 2009.

Only Austria, Germany and Malta recovered on their 2008 position, whilst the performance of member states in terms of SME value added and employment growth varied considerably.

Austria, Belgium, France, Germany, Luxembourg and Malta performed above the EU27 average for both employment and 'value added'. The Czech Republic, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia and Spain all performed below the average for the two indicators.

Unbalanced supporting measures

"The implementation of supporting measures for SMEs is still unbalanced with some measures being ignored by a substantial number of countries, such as facilitating a second chance for entrepreneurs who failed once, or taking into account the characteristics of small businesses when designing legislation," the report added.

Presenting the report on the first day of European SME week, Commissioner for Industry and Entrepreneurship Antonio Tajani said that a new plan to boost entrepreneurship would seek to raise the performance of flagging countries.

"The most ambitious action plan to boost entrepreneurship Europe has ever seen will follow in November. We offer support and advice at a so far unknown level. We try to restore confidence so that SMEs can make progress once again and drag us out of the current crisis," Tajani said.

SME envoy network to meet in Cyprus next month

The plan will complement and build on the Small Business Act for Europe, driven by the one-year-old network of national SME envoys – whose role is to encourage member states to introduce measures designed to boost small businesses – under the leadership of the chief envoy, Daniel Calleja Crespo.

The next meeting of SME envoys – at which they will discuss progress in specific SME policy areas - will take place during the SME assembly in on 15-16 November in Cyprus.

A spokesman for the Commission told EurActiv that the next congress of the SME envoys will discuss Crespo's priorities for 2013, including access to finance, licensing, standardisation and access to international markets.

Called for a new Economic Dialogue

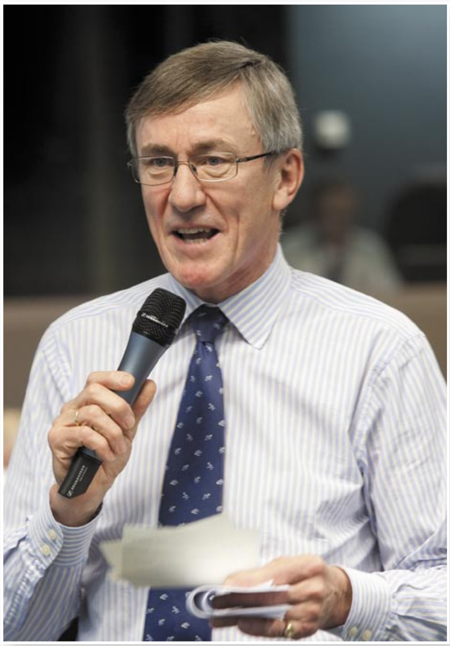
A spokesman for UEAPME, the group representing the interests of European crafts, trades and SMEs at the EU level, said that the new system of 27 national SME envoys was "necessary", but added that "it is not sufficient to fill the gap between decision makers and SMEs".

UEAPME is now calling for the creation of an "SME Economic Dialogue" composed of Crespo, the Trio of Council Presidencies with their respective SME envoys, MEPs, UEAPME and other representative business organisations.

"The 'SME Economic Dialogue' would guarantee the application of the 'Think Small First' principle from the outset to all policy initiatives taken at EU level and concerning SMEs. It would also greatly facilitate the quest for better regulation through a constant and constructive dialogue between decision-makers and stakeholders," the UEAPME spokesman said.

Fund chief: Public finance changes role in crisis

Worsening finance conditions for smaller companies have highlighted a growing need for strategic pan-European efforts. This is why the European Investment Fund is now expanding its role as investor, says Richard Pelly, EIF chief executive.



Richard Pelly has been the European Investment Fund chief executive since 2008, during which time the EIF has expanded its role to stimulate growth and innovation. He spoke to EurActiv's Jeremy Fleming.

What evidence do you see of the continuing downturn in availability of funding for the SME sector, which recent statistics indicate is continuing to struggle?

There is clearly a deterioration in the availability of loan finance provided to SMEs. Banks have become quite cautious, also due to the increase in regulatory requirements.

We sense that from the middle of the year to autumn there has been a slight slowing down of confidence. Looking at the equity market, statistics reveal that the shortage of risk capital continues.

Overall, the situation of SMEs is really tight when trying to access finance so that there is an unresolved flight to quality.

How are you rolling out angel financing co-investments to try and improve this form of financing in Europe?

With each of our operations, we are not only committing own resources or resources that we manage on behalf of a broad range of mandators – we are striving to also mobilise private investments in order to stimulate the market.

Business angels are important and active market players. They have efficient investment processes and long-term visions, and as individual investors they are generally less likely to pull out in a downturn. The European Angels Fund which we have launched this year as a €70-million pilot project in Germany provides business angels the opportunity to invest into innovative SMEs and to obtain a 50% co-investment through the European Angels Fund.

The particularity of this scheme is that the investment decisions are exclusively taken by the business angels, based on a pre-agreed co-investment framework agreement. As the market response has been very positive, we are currently working on expanding this scheme and launching similar initiatives in Spain and Austria in the upcoming months.

How do you see the role of your organisation changing over the next couple of years, both in terms of budget and organisation for investments?

The EIF has a counter-cyclical role: over the past four years, since the collapse of Lehman Brothers ushered in the crisis, we have tripled our equity commitments and doubled our guarantee volumes. Talking in figures: We have committed €1.1 billion in equity in 2011 which catalysed €6 billion in new risk finance for Europe`s SMEs. We have also committed €1.4 billion in portfolio guarantees which resulted in stimulating new loan portfolios of €7.6 billion.

EVCA Statistics demonstrate that the share of public resources has increased significantly since the onset of the crisis, and the EIF contributes about 50% of the public money currently invested in Europe.

As the effects of the financial crisis are likely to continue, we are striving towards achieving a balanced and sustainable equity ecosystem by stimulating private sector investments. This also includes investments with new partners, such as corporate investors, to target specific sectors and helping them to leverage their own investments.

How much do you see that the type of business opportunities that the EIF wants to foster are being directed to existing needs in European business? Are your investments ending up in the types of business that will help to support the societal challenges of health and a shifting demographic and the need for more hi-tech companies that have been identified as lacking in Europe?

The investment world itself is becoming more sector-focussed, as funds are keen not to spread themselves too thinly. Societal issues are driving this focus. A greater degree of specialisation is evident, for example in the digital life space and internet mobile software sector.

EU policy initiatives focus on these societal issues, and financial instruments are being developed to address them.

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Under the Competitiveness and Innovation Framework Programme, for example, we are very active in investment vehicles that cover clean technology. I expect that that this trend will continue in view of COSME and Horizon 2020.

How is the role of the EIF likely to evolve over the next couple of years?

Our main role is to act as a catalyst for core venture capital and growth capital investments, the latter targeting companies that have already started up but need an injection of equity to grow.

We also provide mezzanine finance, which is a hybrid form of debt investment; due to the fact that banks have become less likely to provide this type of finance, we are expecting to see more activity in this area. There are also new trends and initiatives where we expect to play a key role, such as social investment models and funds, corporate venturing and business angel investments.

As indicated, we will continue to leverage public money by broadening not only our scope of activities but also intensifying our collaboration with EU member states. So far, we have been successfully managing various fund-of-gunds at national level, for example ERP in Germany, Neotec in Spain, iVCi in Turkey, PVCi in Portugal and UK FTF in the UK.

We intend to build on these partnerships and are currently assessing new models to leverage public resources in various member states (e.g. in the Netherlands, in the three Baltic states and in Luxembourg) to address local market needs and to help stimulating growth and innovation.

Spelman: Commission should be thinking about Single Market Act III

EU policymakers should already be thinking of a Single Market Act III, says Mark Spelman, vice chairman of the American Chamber of Commerce Executive Council.

Mark Spelman is global head of strategy for Accenture and vice chairman of the American Chamber of Commerce to the EU Executive Council. He spoke to EurActiv Editor-in-Chief Daniela Vincenti.

The EU and the US continue to be each other's most important markets, with US investment in Europe reaching €1.7 trillion and accounting for over four million jobs. US companies have eagerly taken part in the European Single market, which remains a work in progress, to retake the expression used by AmCham, in its latest report. Do you feel Europe is on the right track to recovery?

People are preoccupied with stability and confidence. This is necessary, but not sufficient for Europe going forward. And so, I think it's very important that we do get into the underlying issues of competitiveness skills and innovation.

When you talk about growth and jobs: Growth is an outcome of getting other things right. So, if you start thinking about jobs and where jobs are going to come from, whilst there will be some jobs that are created through larger enterprises, actually what we are seeing now is much more cross-border organisations. Increasingly in the Single Market, companies are all looking beyond borders and increasingly we are going to talk about cross-border organisations.

You see that in terms of large companies working with smaller companies. You see that specifically in the pharmaceutical industry. A lot of the innovation now takes place outside of a company, not inside a company.

So it's about the ecosystem of how organisations operate and work. And the reason why SMEs are going to be so important in a European context is because they are going to be a critical driver of innovation, a critical driver of jobs and job creation. But in order to do that, a lot of it is going to be about how the ecosystem works in practice.

So how will the ecosystem work in practice? The Single Market was launched 20 years ago, Mario Monti two years ago devised a plan to finalise the single maket, now Commissioner Barnier has launched several actions within the two single market acts. Do you think all this will create the right ecosystem?

I think it help. Let's keep coming back to the phrase "work in progress". But let me come at it from a couple of different angles.

One is that people underestimate the way that work is going to change. The digital revolution gives consumers much more power, because they have a lot more

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information. That is a fantastic enabler for small businesses because it enables them to access more information, it enables them to reach many more markets.

So what becomes important is that we continue to accelerate in the areas I think which can make the biggest difference. Not just in terms of growth, but in terms of critically creating jobs.

The ability to start companies up, the ability to grow small enterprises - knowing that the average size of a small company in Europe is smaller than it is in the United States - is paramount. If you could get everyone of the small companies to employ one more person, you make a big dent t in the unemployment numbers.

Now to do that, the Single Market helps because you are able to help smaller companies,sell more cross-border and digital infrastructure helps because it gives them the access and the leverage you wouldn't get if you were just operating in a single country.

So the critical issue here is that it's the enabling conditions to help small and medium-sized enterprises start up, and then to grow. So what we need in Europe is more start-ups and more small enterprises to keep on growing and not to hit glass ceilings.

So exactly what do you need in order to have that kind of start-ups grow in a significant number so that you have the scale of growth that is expected? What barriers need to be dismantled?

The digital agenda has set out some targets for 2020, for example broadband coverage. So, rather than just setting out targets, what we need is interim milestones and clarity on the roadmaps as to how we're going to hit some of the key targets.

We don't want to wake up in 2017 and suddenly say: "Surprise, surprise, we're not meeting the targets that we got for super-fast broadband penetration or we're not going to hit 100% coverage on broadband."

We need some very clear intermediate targets, particularly around broadband coverage and making sure that that happens. It's about the roadmap and the journey. It's not just about the target. And my view is that we have been long on targets and short on the clarity around the roadmaps to hit the targets. And it's about looking at the interim steps that we need in order to get that.

Are you airing some criticism towards the Commission, which launches ambitious long-term strategies but fails short in setting the roadmap to move targets forward year after year? How to redress this situation?

Companies today, particularly the bigger companies, rely a lot on contingency plans: they say "What happens if?"

I think, the European Commission, should in in the same way, have contingency plans for what happens if we are not tracking into the direction of the targets that we want to meet.

And this to me is about having clarity on interim mile stones, but it's also about clarity on contingency and "What do we do if?". I think that what we see is a much stronger attempt by the Commission, particularly through things like…

The Single Market Act II?

Yes, partly through the Single Market Act II, but also working with national governments and their reform programmes to try to be able to apply pressure into targeted intervention to accelerate particularly in terms of the critically enablers.

The way I look at it, is that one of the most useful things that the Commission is trying to do here is what I call unblock the European arteries.

If you can unblock the arteries and let things flow, which we're trying to do, then enable particularly the private sector to drive the jobs that are going to be very important if the European economy is going to grow.

What do you mean by unblocking the arteries?

You can look at the arteries both in physical and in digital terms. The physical arteries would be obviously things like the transport infrastructure and how you move things around, for example by road or rail. That's one dimension of it.

Another critical dimension is energy and the related problems, being that so little of the electricity in Europe is actually traded cross-border. That is a critical artery.

The third artery is, and I think it's increasingly important one, the digital artery. Let me again explain why it's so important.

The iPhone only came out in 2007. Today in 2012, we now have iPhone 5. We have had five versions of iPhone. Roll the clock forward to 2020. We won't just have had five versions of iPhone in the next eight years. We will probably have had 15 or 20 equivalents. That is going to be a huge revolution in terms of the information that consumers have at their fingertips, the capacity that the smaller companies have got to be able to access the consumer base.

That is going to be a huge, huge change which I think a lot of the policy makers a struggling to come to terms with and to fully understand.

That is going to be a massive potential accelerator in a world where actually the EU does have a lot of very good, skilled people. The question is… it's about unlocking the potential.

What actions then to unblock these arteries?

For example, online shopping: it is going to absolutely explode. It's all about convenience, people are going to buy more and more things online. The consumers would want it because basically it's more convenient, they are better informed and they are able to use money more effectively as a result.

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So what we already see is an explosion of online marketing. If you look at these comparative websites now - if I want to buy an insurance product, I go on to the website, I compare 50 different car insurance offers and I choose the one that is the most relevant. That is symptomatic of the way we are going to go. That's one dimension.

The other dimension is the efficiency that we are going to get from machine-to-machine communication. What do I mean by that? In the past, we had to send out work crews to go and find the problem with your machine, the problem with your transmitter or the problem with your generator. Now, you have remote diagnostics on your kit. That's sent back to a central control unit. You find out when are things going to break down and you send out a team now to be able to replace it before it breaks.

That whole notion that you got much more intelligence in your assets is going to change the way that you maintain your assets.

Another example: Look at the way people is going to use electric vehicles in cities. People buy a car for an hour. What's interesting is that the business model is changing. Now you got "Rent a car", you need a utility so that you can plug it in or charge it or fuel it up. You need a telecom company because basically when you buy the car you got to be able to communicate with your bank. You need a bank because you need to be able to pay for it and you need a payment system. So all of a sudden you got a convergence between a car manufacturing utility, a telecom company and a bank. The world has fundamentally changed, the boundaries have changed.

The next question is then: Are policy makers seizing these fast changes and are they acting in a coordinated way? Or are we risking a complete anarchic development of the system? How can we make sure that the system is not derailed completely before the regulation comes into force?

I don't think we're going to get anarchy, but what we are going to get is inefficiency. The message is, in a world, particularly in Europe, where we are going to have slow growth, low growth and high debt, the longer it takes to work out how you unblock the arteries, the more inefficiency you leave in the system and the longer it will take you to generate the growth.

There's a world opportunity, but in order to release the opportunity and the potential, we must unblock and unlock. If you don't unblock and unlock: a) it's going to take you longer and b) you are probably not going to realise some of those opportunities that exist out there.

This particularly for the small and medium-seized companies, because those are the ones that can be set up quickly, those are the ones who can respond to new markets.

So if I understand you correctly, you're saying no regulation until we see a little bit clearer?

No, I think we have to look at the specifics. Take payment systems: Clearly the quicker we move on payment systems, the easier we'll facilitate cross-border sale.

So I think there are tangible things that you can do, but part of what I'm saying is, unblock the arteries which is sort of the physical and digital infrastructure, and then help with facilitating and enablement, like payment systems, but also data and data ownership, for example.

These all will help. The more the politicians will start thinking about what's going to happen in the future, rather than thinking about the problems of the past, the more likely we will create conditions for more SMEs to grow and develop.

My fear is that we spend too much time on the necessary but not sufficient, you end up in a mode where you are not addressing these types of issues fast enough.

You should look at this in terms of waves. It has taken us too long to get to the Single Market Act II. We should already be planning for III, and we should be thinking about IV, and we should be thinking about this coming in waves which are linked with how we are thinking about how future market opportunities are evolving.

Do you find that other areas, regional areas, and I'm talking about the United States, is much more advanced than Europe when it comes to creating this ecosystem? Will Europe be able to compete?

The straight answer is we definitely can compete. And there are lots of reasons for this. Look at the numbers. Nine out 20 most competitive countries are in Europe - which is the largest exporting bloc.

But I don't think there's any room for complacency and I do think we are in a world of comparative advantage. Europe is going to work out where it's going to play and it has clearly got some strength and certain key sectors, automotive, nano-biotechnology.

Past success is no guarantee of future success. The speed and pace of change is huge. If you look to the IMF reports, there is no growth in Europe with -0.4%, while the global economy is growing at 3.3%.

I can point to huge areas around the world that are growing at 5%. Asia is growing at 5%, sub-Saharan Africa is growing at 5%, Latin America at 5.5%. They are not standing still.

So you have to look at comparative advantage that's moving over time. And my view is that technology is a huge driver of that, and Europe must keep its eye on that - that is the only way it will make sure to play a role.

This is not a all-or-nothing game. We have some really good comparative advantages. I think the real trick is, does that get defused down broadly and widely enough.

Cooperatives movement suits women and crisis

Working in cooperatives is better for women's chances of promotion, work- life balance, professional development and pay, according to research unveiled yesterday (16 October) in Brussels.

The findings come on the heels of a report published in the summer (26 June), which claimed that cooperatives also offer the most resilient form of organisational structure in the face of the economic crisis stifling Europe.

Representatives from Italian, French and Spanish cooperatives – usually classed as SMEs because they employ fewer workers than large companies – presented survey findings to a seminar held in conjunction with European SME week, which has taken female employment as one of its themes this year.

Fewer differences between pay levels across genders

Giving results from research conducted by the French cooperative organisation, CG Scop, Catherine Friedrich said that three-quarters of respondents to the survey had indicated that they were content with their promotion opportunities within cooperatives.

She said that the findings were especially significant because cooperatives are generally too small to fall under French rules requiring larger companies to ensure that women receive equal promotional treatment.

Almost the same number (72% of respondents) said that there was no difference between pay levels for men and women within their workplaces.

"Although 20% recorded that there were differences on the payscale, the result must be put in the context of the French average, in which men receive salaries 9% higher than women for equivalent labour across the board," Friedrich said.

France, Italy and Spain: similar results

The French survey results were broadly similar to findings from Spain and Italy, and in all three cases the overwhelming majority of women working within cooperatives were satisfied with work-life balance, and content with their promotional chances and access to professional development schemes.

They were also more highly educated than their counterparts in the non-cooperative sector, and – with an average of two children – had larger families than average in those countries.

"We have seen an increase in women employed by cooperatives during both 2011 and 2012. They are a good way of creating jobs in good times and also in bad," said Paloma Arroyo, director of the Spanish Confederation of Workers Cooperatives COCETA.

Cooperatives in Spain have chosen to use common resources to 'rest' employees not required in the crisis, and are thus able to keep them on the payroll, in the expectation that labour requirements will increase once the crisis abates.

Cooperatives more resilient in the financial crisis

Earlier this year (26 June), the European Confederation of Workers' Cooperatives, Social Cooperatives and Social and Participative Enterprises (CECOP) published a report suggesting cooperatives proved more durable than ordinary companies in the face of the financial crisis.

The report – called: "The resilience of the cooperative model" – found that worker-members, as co-owners of their businesses, put strategies in place for the short and longer term, giving priority to safeguarding jobs and innovation.

Paloma Arroyo, director of the Spanish Confederation of Workers Cooperatives COCETA, said that the results of the French, Spanish and Italian surveys are being formulated into a report to be published shortly, giving a comprehensive overview of the integration of women into the labour forces in those countries.

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