



## Commission gives boost to start-ups in Europe

Strasbourg, 22 November 2016

**The Commission's Start-up and Scale-up Initiative aims to give Europe's many innovative entrepreneurs every opportunity to become world leading companies. It pulls together all the possibilities that the EU already offers and adds a new focus on venture capital investment, insolvency law and taxation**

There is no lack of innovative ideas and entrepreneurial spirit in Europe. But many new firms don't make it beyond the critical first few years, or they try their luck in a third country instead of tapping into the EU's potential 500 million customer base. The European Commission is determined to change that and help start-ups deliver their full innovation and job creation potential.

Vice-President Jyrki **Katainen**, responsible for Jobs, Growth, Investment and Competitiveness, said: *"Today's local start-ups could become tomorrow's global success stories. We want to help start-ups stay and grow in Europe. By helping them navigate the – often perceived – regulatory barriers to fully benefiting from the Single Market. By making it easier for them to have a second chance, without being stigmatised if their idea doesn't succeed the first time around. And by improving access to funding by boosting private venture capital investment."*

Commissioner Elżbieta **Bieńkowska**, responsible for Internal Market, Industry, Entrepreneurship and SMEs, said: *"Today start-ups do not fully take advantage of the opportunities of the Single Market. Starting and scaling up a company across Europe has to become simpler. Europe needs to become the first choice place for great business ideas to grow into successful companies. This is about new jobs, innovation and competitiveness for Europe."*

The Initiative brings together a range of existing and new actions to create a more coherent framework to allow start-ups to grow and do business across Europe, in particular:

- **Improved access to finance:** The Commission and the European Investment Bank Group are launching a Pan-European Venture Capital Fund of Funds. The EU will provide cornerstone investments of up to a maximum budget of €400 million and the fund manager(s) must raise at least three times as much from private sources, triggering a minimum of €1.6bn in venture capital funding. It will be managed by [one or more professional and experienced fund managers](#) ensuring a real market approach. This complements existing EU funding instruments such as the European Fund for Strategic Investments ([EFSI](#)), Europe's programme for small and medium-sized enterprises [COSME](#) and the EU's research and innovation funding programme [Horizon 2020](#).
- **Second chance for entrepreneurs:** The Commission has tabled a [legislative proposal on insolvency law](#). It will allow companies in financial difficulties to restructure early on so as to prevent bankruptcy and avoid laying off staff. It will also make it easier for honest entrepreneurs to benefit from a second chance without being penalised for not succeeding in previous business ventures, as they will be fully discharged of their debt after a maximum period of 3 years.
- **Simpler tax filings:** The Commission is also working on a range of taxation simplifications including the recent proposal for a [Common Consolidated Corporate Tax Base](#) (CCCTB), which proposes to support small and innovative companies that want to expand their business across borders. Other initiatives include plans for a simplification of the EU VAT system and broadening the forthcoming guidance on best practice in Member States tax regimes for venture capital.

The Initiative also puts emphasis on helping navigate **regulatory requirements, improving innovation support** through reforms to Horizon 2020, and fostering **ecosystems** where start-ups can connect with potential partners such as investors, business partners, universities and research centres. Changes to Horizon 2020 will pave the way towards a [European Innovation Council](#) and include using €1.6bn over 2018-2020 to provide bottom-up support for breakthrough innovation projects by start-ups with potential to grow. The [Startup Europe](#) network will be reinforced to connect clusters and ecosystems across Europe. In 2017, the Commission will put forward proposals for a Single Digital Gateway that provides easy online access to Single Market information, procedures, assistance and advice for citizens and businesses. The [Enterprise Europe Network](#) (EEN) provide specific advisory services - through scale-up advisors - for startups including on funding opportunities, partnering and how to access cross-border public procurement. The Commission will adopt a set of measures to

support the use of **Intellectual Property Rights** by SMEs and take action to support access by start-ups to the €2 trillion European **public procurement** market.

### **Background:**

Over recent years, the Commission has proposed a number of policies, such as the [Capital Markets Union](#), the [Single Market Strategy](#), and the [Digital Single Market](#) to benefit start-ups in Europe. Together with Member States' actions, this has led to the creation of a number of market leaders, such as Spotify, Klarna, Adyen, Blockchain, Jobandtalent, N26, Algolia, Intercom, Cabify or Deliveroo.

The Initiative addresses three main obstacles to starting up and scaling up in Europe identified in a recent [public consultation](#):

- Access to finance is the biggest problem for entrepreneurs whether starting up or scaling up;
- Complying with regulatory and administrative requirements diverts too much energy from growing the business - particularly cross border;
- Connecting to right business partners, markets and skilled workers, despite the availability of 500 million people European Single Market is still too difficult.

### **More info:**

- [Factsheet: Start-up access to finance – EU funding and venture capital investment](#)
- [Factsheet: A Supportive IPR Framework for SMEs and start-ups](#)
- [Factsheet: Early restructuring and a second chance for entrepreneurs](#)
- [Start-up and Scale-up Initiative](#)
- [Staff Working Document: Putting Intellectual Property at the Service of SMEs to Foster Innovation and Growth](#)
- [Results of the Public Consultation on start-ups](#)
- [Scaleup Manifesto](#)

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