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WORKING PAPER

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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Competitiveness and Growth (Industry)
Subject:	Europe's next leaders: The Start up and scale-up initiative - Powerpoint presentation



EUROPE'S NEXT LEADERS: THE START-UP AND SCALE-UP INITIATIVE

COMPCRO Working Party (Industry)

Brussels, 11 January 2017

Kristin Schreiber – GROW/Director H

What is the issue? Broad public consultation



Public consultation: **key facts**



571
replies

53%
from
entrepreneurs

Structured around
the company life
cycle

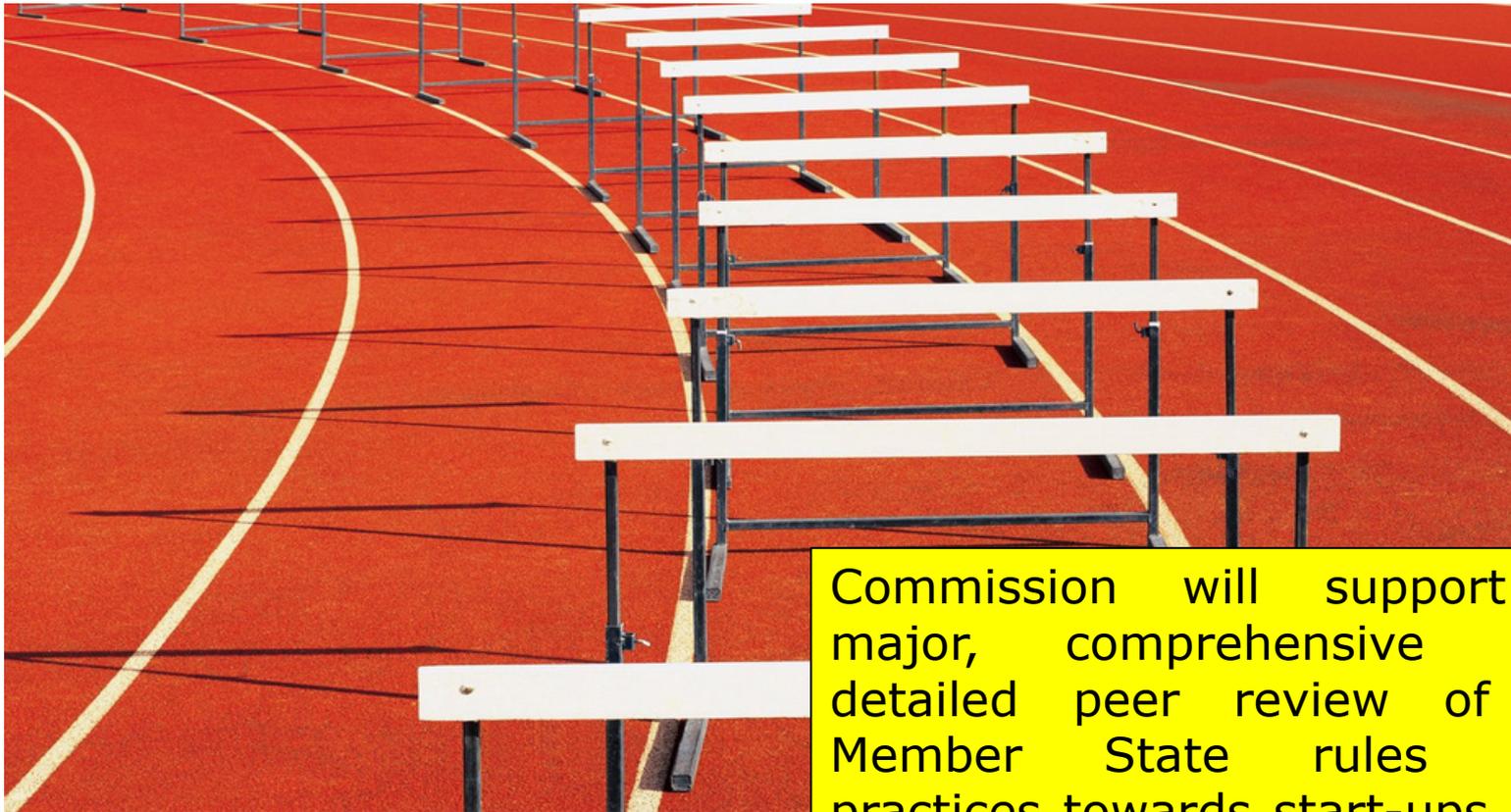
16
written
contributions

Reaching
beyond the EU

What are we going do about it? Policy response



1. Removing the barriers



Commission will support a major, comprehensive and detailed peer review of all Member State rules and practices towards start-ups and scale-ups.

Addressing tax burdens



Comprehensive package to **reduce the complexity and fragmentation of VAT system:**

1. simplify and extend MOSS;
2. targeted VAT simplification package for SMEs,
3. definitive VAT regime for cross-border trade

Common Consolidated Corporate Tax Base (CCCTB)
incentives for businesses to grow cross-border.

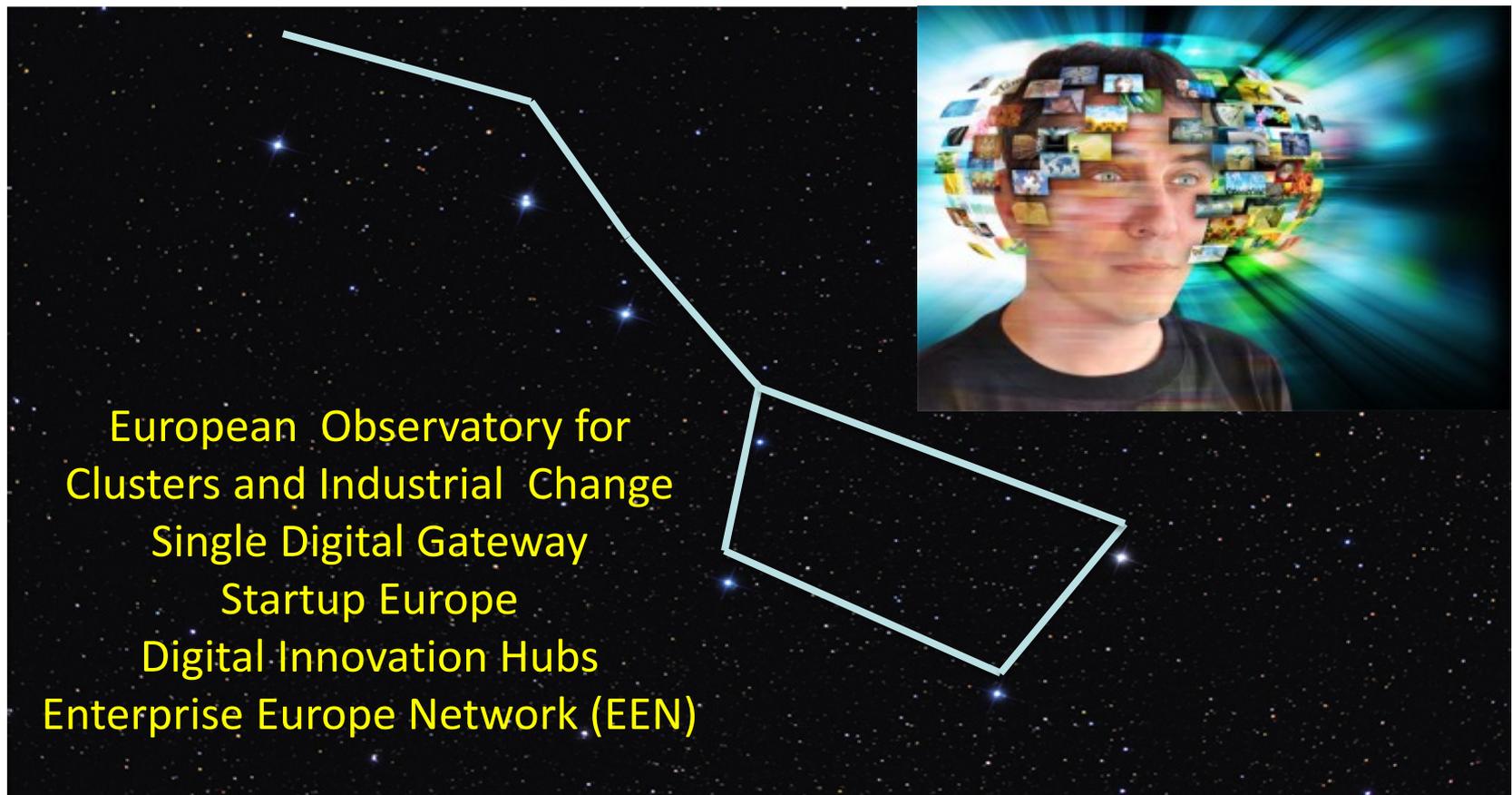
Broaden forthcoming guidance on best practice in
Member State **tax regimes for Venture Capital.**

Second chance



The Commission will work with the European Parliament and the Council [...] to secure timely adoption and implementation of the proposal on preventive restructuring frameworks, second chance for honest entrepreneurs and increased efficiency of restructuring, insolvency and discharge procedures.

Navigating Information

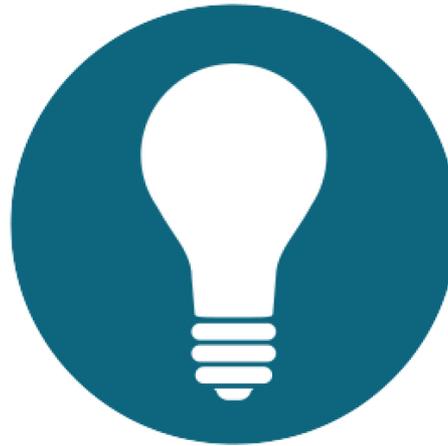


Dedicated Scale-up Advisors

2. Creating new opportunities



Support for ecosystems



Innovation



Skills



Social economy



**Access to public
procurement**



Connecting ecosystems - matchmaking



STARTUP
EUROPE

Erasmus for Young
Entrepreneurs



- **Reinforce** Startup Europe
- **Extend** Erasmus for Young Entrepreneurs
- **Promote** new business ideas
- **Coordinate** EU work... bring stronger **coherence and link up** national, regional ecosystems & stakeholders
- **Connect** start-ups - pilot **matchmaking**

Procurement Opportunities

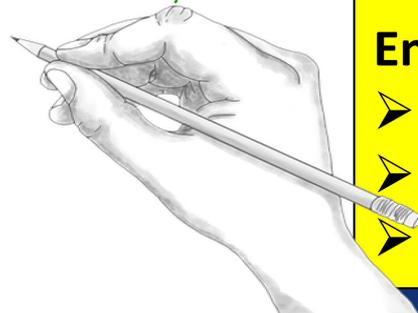
- Establish **innovation brokers** to build **networks of buyers** interested in public innovation procurement, linking with innovative businesses and helping access risk funding
- Encourage all Member States to set ambitious innovation **buying targets**
- Provide **guidance** on innovative procurement,
- Create Innovation Partnerships



Skills and access to talent



*'Access to Talent' is the No 1
Challenge for scale-ups.*



Build on the New Skills Agenda:

- Digital Skills and Jobs Coalition
- Blueprint for Sectoral Cooperation on Skills
- Big data tool
- European Entrepreneurship Framework
- Digital Competence Framework
- Scale up the EIT for entrepreneurship, management and innovation skills

Encourage Member States to use better

- Erasmus+ Knowledge Alliances,
- HEInnovate self-assessment tool,
- EU Blue Card

Innovation Opportunities



- Changes to Horizon 2020 - support to breakthrough innovation projects with the scaling up potential
- European Innovation Council
- EIT - investment
- Innovation Radar
- Innovation Deals & regulatory sandboxes

Social economy - social enterprises



Build on the **Social Business Initiative**, encouraging **social start-ups to scale up** through:

- better access to finance,
- access to markets,
- regulatory frameworks by advising Member States on policy design.

Explore how to **facilitate uptake of new technologies & business models**, support **impact financing** of the social economy and enterprises (e.g. G20 Inclusive Business platform).

3. Access to finance



More funding
EFSI and COSME



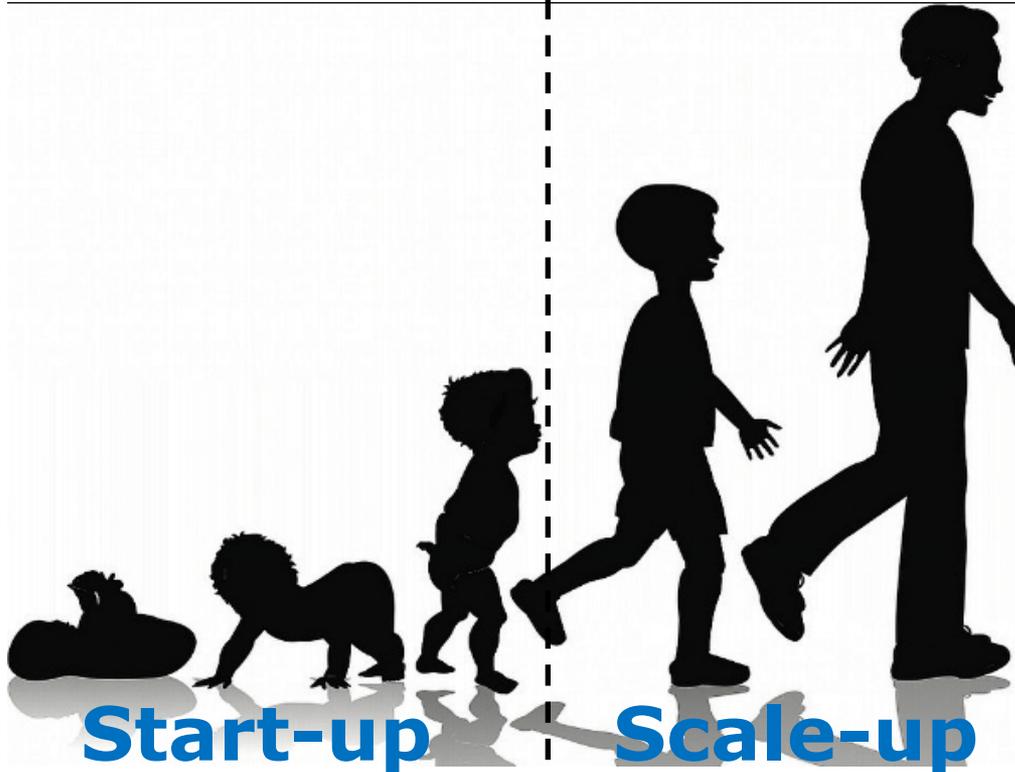
More risk capital
**Pan-European
VC Fund of Funds**



**More alternative
sources**
Crowdfunding



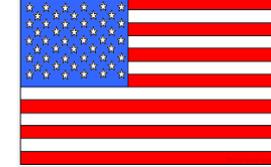
European
Commission



There is **sufficient financing** for start-ups in the EU

but ...

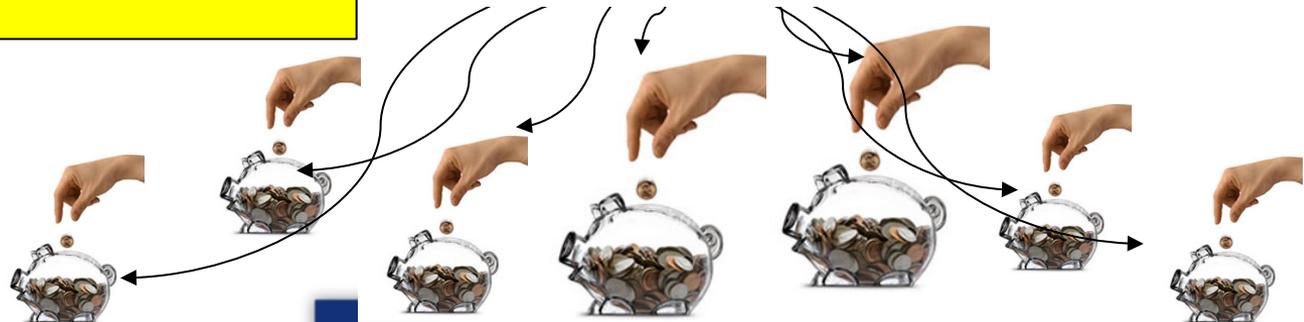
funding options are not fully developed when start-ups wish to **scale-up in the single market**, especially if compared to US



Venture capital for **later stage rounds** in the EU is **still insufficient**
ALSO
because funds are **much smaller and fragmented**

How to attract investment in European VCs?

- The Pan European **Venture Capital Fund of Funds**
- **Tax incentives** for **investments** into start-ups/scale-ups.
- Additional incentives to **venture capital**



Crowdfunding and alternative sources of finance

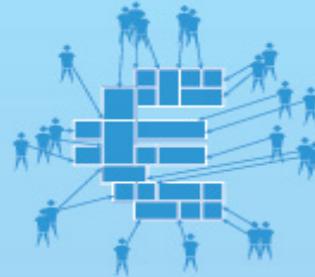
Traditional funding

vs

Crowdfunding



Large amounts from one, or a few sources



Many small sums from a large group of individuals

A pan-European platform where Member States can share best practice on **crowdfunding** together with an assessment of financing gaps in **alternative sources of finance**.

Peer lending

The crowd lends money to a company with the understanding that the money will be repaid with interest. It is very similar to traditional borrowing from a bank, except that you borrow from lots of investors.



Equity crowdfunding

Sale of a stake in a business to a number of investors in return for investment. The idea is similar to how common stock is bought or sold on a stock exchange, or to a venture capital.

Thank you for your attention!

