

BRUSSELS CONFERENCE

The European Commission, DG Internal Market and Services, in conjunction with two German universities, hosted a major conference in Brussels on 30 January 2014. The conference was attended by some 130 persons from EU institutions and Member State administrations, social partner organisations, academics and representatives of organisations promoting employee financial participation arrangements in EU Member States, including the AIPF/IAFP. The conference is part of a 2014 Commission funded project *Promotion of Employee Share Ownership – Debating Policy Options*.

In opening the conference (by video), Commissioner Michel Barnier welcomed further debate on the promotion of financial participation in European enterprises. He sees financial participation as part of the reformed financial regulation architecture the EU is introducing and, as part of this, he said that there is a need for long-term investment for employee share ownership to enhance corporate governance – *‘employees know the firm better than external shareholders and thirty years of research shows the employee share ownership firms are more profitable, more competitive, create more jobs and pay more taxes than firms without employee share ownership schemes ... there is a need to highlight, not only the obstacles, but also concentrate on the benefits’*.

M Barnier’s Chef de Cabinet, Olivier Guersent, outlined the Commission’s support, in particular for employee share ownership arrangements, observing that it is successfully used and popular in many Member States, with about 20% of companies operating within the EU having share ownership plans. He noted that SMEs find it difficult to introduce financial participation schemes and that there are also problems in extending these schemes further because of a number of barriers, such as national legal frameworks and minimal tax incentives in some countries. ⁱ

The Chair of the European Parliament Employment and Social Affairs Committee, Pervenche Berès MEP, in her intervention, regretted that not enough has been done at the EU level to help enterprises introduce financial participation plans and asked how can employee share holding be used to increase employment in SMEs? She drew attention to the EP Report of 15 January, 2014, which states that financial participation can change the way companies are managed and suggests that the European Globalisation Fund could be extended to allow employees to purchase their companies. She said that there is a wide spectrum of political support for financial participation in the EP (this was reiterated by the Report rapporteur, Phil Bennion MEP, later in the conference). Both Mme Berès and Mr Bennion hoped to see legislation during the next parliament, following the May elections.

Other speakers included Graeme Nuttall, UK Government Adviser on Employee Ownership, who presented his report and the recent actions of the Government to promote employee share ownership; Jean-Philippe Debas, Equalis Capital, France, who called for France to have greater tax breaks to encourage owners to sell their companies to employees, as is the case in the

US and UK; Patrice Liauzu, European Investment Bank, who announced that the EIB is shifting its focus from long-term capital provision to providing working capital, in particular for SMEs, and that the bank's Horizon project will provide funding for business transfer.

During the feed-back round-table, IAFP reminded to have initialized the "Draft-Model Plan" in 2005 with an experts-group, pthis project being financially supported by the EC. This Draft-Model Plan could be part of the necessary "How to?" step delivering information and tools to relevant deciders so they concretize FP plans and more particularly to solve SME successions.

There were five key conclusions from the conference:

- The need to establish a legal framework for employee share ownership
- Promote an exchange of 'best practice'
- Better transparency with regard to fiscal treatment and tax incentives
- Combine economic and labour market policies and reduce inequalities
- Incorporate employee share ownership plans into corporate governance and long-term investment strategies.

Finally, in order to achieve these five aims, social partners and all other relevant stakeholders should be closely involved in the process. Any promotion of share ownership plans should respect the fundamental principles set out in the 1992 Commission Recommendation and reiterated in the EP Report of 15 January 2014. After many years of research and fruitful discussion the time has now come for concrete actions.

ⁱ For M Barnier's opening remarks and M Guersent's speech, see:
http://ec.europa.eu/internal_market/conferences/2014/0130-employee_ownership/index_en.htm