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Integration through self-employment: promoting migrant entrepreneurship in European municipalities

Current Affairs Committee

Rapporteur: Henrik HAMMAR, Sweden (L, EPP/CCE¹)

Draft resolution (for vote).....	3
Draft recommendation (for vote)	7
Explanatory memorandum	10

Summary

The ongoing rise of migrant entrepreneurship in Europe is expected to contribute significantly to the integration of migrants at local level and to the economic development of their city of residence. Migrant entrepreneurship is also an important factor in the creation of new businesses and should be given greater priority in the implementation of the Europe 2020 strategy of the EU by national and regional governments and local authorities. However, specific national and local policies to improve conditions for migrant entrepreneurship are currently lacking. The report examines the existing situation and proposes measures to promote migrant entrepreneurship in European municipalities, in particular through less rigid regulation and simplified procedures, improved information to migrants, micro-financing, skills development, marketing assistance and creation of migrant business associations.

[...]

¹ L: Chamber of Local Authorities / R: Chamber of Regions
EPP/CCE: European People's Party Group in the Congress
SOC: Socialist Group
ILDG: Independent Liberal and Democratic Group
ECR: European Conservatives and Reformists Group
NR: Not registered

The report invites local authorities in Council of Europe member states to include migrant entrepreneurship in their economic development and integration strategies, implement deregulation measures and simplify administrative procedures to improve the business environment, encourage the setting-up of migrants' business associations and the participation of migrant entrepreneurs in community affairs, and offer them advice and assistance in particular in getting access to finance and in improving their business skills.

The report also recommends that national governments and European institutions recognise the importance of migrant entrepreneurship for integration and economic growth, make their regulatory and structural frameworks more business-friendly for small and medium-sized enterprises in general and migrant enterprises in particular, facilitate access of migrant businesses to venture capital through micro-financing, and support local action in favour of migrant entrepreneurship.

DRAFT RESOLUTION²

1. The immigrant population in Europe is growing and rapidly becoming more diverse in terms of ethnic or national origin, as well as in terms of length of stay, educational achievement, and socio-economic position. Increasing migration to Europe raises the questions of both integration of migrants into the host community and their meaningful contribution to the local economy and economic development, which is especially important in the current situation of economic crisis.

2. An increasing number of migrants are becoming entrepreneurial, with a greater number of migrants interested in setting up their own businesses than among the native population. The ongoing rise in migrant entrepreneurship is expected to contribute significantly to the integration of immigrants at local level, to the economic development of their city of residence, and to the creation of new businesses in Europe in general, which has been identified as a crucial issue in the EU proposal for the programme for business competitiveness and small and medium-sized enterprises (SMEs),³ in the implementation of the Europe 2020 strategy.

3. Micro-businesses and SMEs represent 99% of all enterprises in the EU,⁴ employ 67% of the workforce in the private sector, account for 58% of the total turnover⁵ and create 4 million new jobs every year.⁶ It is the entrepreneurs behind these businesses who are the backbone for building stability and success for European economic recovery and development. However, Europe lags behind other world regions in the creation of new businesses, with only 37% of Europeans interested in starting a business – down from 45% three years ago – compared to 51% in the USA and 56% in China.⁷ Improving the possibilities and conditions for starting and operating businesses in Europe as well as for supporting and protecting entrepreneurs is therefore crucial for European economic development.

4. Migrant entrepreneurs can be important for various reasons: they create their own jobs; create jobs for others; develop different social networks than immigrant workers and shape their own destinies rather than waiting for cues from the host society's institutions. As entrepreneurs, they may provide a different range of goods and services; they can enhance the vitality of particular streets or neighbourhoods in cities or of specific economic sectors and most of all, they play their part in the 'natural' process of succession and renewal of the total corpus of entrepreneurs.

5. However, migrants face significant obstacles when starting business careers, which are specific to their situation and include, among others, difficulties in contacting the authorities, receiving funding or accessing local social networks. The typical barriers they encounter are related to the availability of information about entrepreneurial opportunities and the relevant rules and regulations; to the availability of business locations; to the availability of financial capital; to having access to a pool of customers; to their embeddedness in local, national and transnational networks; to staff management and to the availability of skills and competencies.

² Preliminary draft resolution and preliminary draft recommendation approved by the Current Affairs Committee on 19 March 2013 in Strasbourg.

Members of the Chamber of Local Authorities:

A. Kordfelder (1st Vice-President), *A.I. Alos Lopez* (2nd Vice-President), *S. Madzharova* (3rd Vice-President), *S. Aliyeva*, *A. Ambros*, *P. B. Andersen*, *A. Antosova*, *G. Arnardottir*, *J. Barska*, *S. Barnes*, *A. Beskow*, *S. Bohatyrchuk-Kryvko*, *K. Bille*, *F. Butler* (alternate), *V. Catarra* (alternate), *M. Catovic*, *A. Cook*, *B. Fleck*, *D. Ghisletta*, *M. Gombosi*, *I. Grachev* (alternate), *H. Himmelsbach*, *G. Illes* (alternate), *A. Koopmanschap*, *L. Kovacs*, *J. Landberg*, *M. S. Luca* (alternate: *L. Stoian*), *M. Miros*, *Y. Mishcheryakov*, *M. O'Brien* (alternate), *C. Oppitz-Plörer*, *E. Pajaziti*, *A. Pellizzari*, *N. Pilius*, *N. Rafik-Elmrini*, *A. Ravins*, *F. Ramos*, *M. Reyes Lopez*, *N. Rosu*, *M. Ryo*, *E. Sahin*, *A. Sokolov*, *R. Svensson* (alternate), *J.L. Testud* (alternate: *A. Huard*), *B. Toce*, *V. Udovychenko*, *E. Van Vaerenberghe*, *L. S. Vennesland*, *R. Vergil*, *P. Vrizidou*, *E. Yeritsyan*, *J. Warmisham*.

N.B.: The names of members who took part in the vote are in italics.

Secretariat of the committee : *D. Marchenkov*, *J. Hunting*

³ COM(2011) 834 – Proposal for a programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020)

⁴ CLIP – Promoting ethnic entrepreneurship in European cities, © European Union, 2011, ISBN 978-92-897-1038-1.

⁵ COM(2011) 834 – Proposal for a programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020)

⁶ COM(2012) 795 – Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe

⁷ Ibid.

6. At the same time, many national and local authorities today consider that migrant entrepreneurship is first and foremost a question of entrepreneurship, that efforts toward entrepreneurs are also beneficial for migrants, and that no specific measures are therefore needed to promote migrant entrepreneurship. At the municipal level, migrant entrepreneurship has not played, until now, a major role in the overall strategy supporting the integration of immigrants, which is often separate from entrepreneurship and economic policy, and places emphasis on social aspects of integration and employment rather than self-employment.

7. Over the past years, the Congress of Local and Regional Authorities has addressed various aspects of the integration of migrants at local level, in particular in its Resolution 141 (2002) on “The participation of foreign residents in local public life: consultative bodies”; Resolution 181 (2004) on “A pact for the integration and participation of people of immigrant origin in Europe’s towns, cities and regions”; Resolution 270 (2008) “Improving the integration of migrants through local housing policies”; Resolution 280 (2009) on “Intercultural cities”; Resolution 281 (2009) “Equality and diversity in local authority employment and service provision”; and Resolution 323 (2011) “Meeting the challenge of inter-faith and intercultural tensions at local level”. The integration of migrants through local entrepreneurship and self-employment is another aspect that deserves full attention.

8. The challenge of integrating migrants into local communities as a major factor for better social cohesion and intercultural harmony, and the crucial role of local authorities in this process, were also highlighted in the report on “Living together: Combining diversity and freedom in 21st century Europe”, commissioned by the Council of Europe and prepared by its Group of Eminent Persons in 2011.⁸

9. Maintaining and improving social cohesion through better integration and inclusion of migrants and other minority groups has become a major challenge for all Council of Europe member states, in particular in this time of economic crisis. The implementation of the Europe 2020 strategy in EU countries should provide impetus and positive examples to trigger similar policies and action in non-EU member states as well.

10. In this regard, the Congress welcomes the January 2013 communication by the European Commission on “Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe”, in which it commits itself to proposing “policy initiatives to attract migrant entrepreneurs and to facilitate entrepreneurship among migrants already present in the EU or arriving for reasons other than setting up business, building on the best practices developed in the Member States, including by local authorities.”⁹

11. In light of the above, the Congress calls on its own bodies and members, as well as on its partner organisations, in particular the Committee of the Regions of the European Union, the Council of European Municipalities and Regions and national associations of local authorities, to raise awareness of the importance of migrant entrepreneurship for local integration and economic development, of its contribution to European economic development and meeting Europe’s challenges, as well as of the role and responsibilities of local authorities in improving conditions for the creation and operation of migrant businesses.

⁸ “Living together: Combining diversity and freedom in 21st century Europe”, Report of the Group of Eminent Persons of the Council of Europe, © Council of Europe, May 2011.

⁹ COM(2012) 795 – Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe.

12. The Congress invites local authorities of the Council of Europe member states to implement specific measures to promote migrant entrepreneurship by improving the personal capability of migrant entrepreneurs and the business environment for their enterprises, as well as through measures to increase their participation in community life, as part of the overall participation of migrants at local level, and in particular to:

a. include migrant entrepreneurship issues in local economic development and integration strategies, with special focus on job creation and social integration, and with the aim of creating local migrant businesses and thereby contributing to better-equipped trade and industry and a good integration policy;

b. fill the information gap by investing in targeted and efficient ways of collecting information on the situation and conditions of migrant entrepreneurs;

c. support, together with chambers of commerce, structures and mechanisms to provide migrant entrepreneurs with assistance in:

i. offering access to advice and information services, familiarising entrepreneurs with regulations and procedures upon start-up of their businesses by themselves;

ii. learning the local language;

iii. finding a business location, either through help in finding premises or through the provision of premises within business incubators;

iv. getting access to finance, in particular through microcredit loans;

v. finding customers, by providing marketing advice;

vi. building local connections and mobilising transnational links;

vii. finding and managing personnel;

viii. improving business and entrepreneurial skills; and

ix. overcoming additional hurdles due to multiple discrimination (for example, migrant women entrepreneurs);

d. develop and implement measures to improve the business environment, including:

i. deregulation measures and simplification of administrative procedures;

ii. programmes for urban revitalisation, including the spatial distribution of businesses and their accessibility; and

iii. measures to set up and promote migrant business associations;

e. put in place mechanisms and structures to involve migrant entrepreneurs in community affairs as part of the overall measures to increase the participation of migrants in decision making at local level, including through local consultative councils of foreign residents, consultations with migrant entrepreneurs and their business associations, their involvement in local chambers of commerce, etc.;

f. promote and facilitate co-operation between different stakeholders in the local economy, including mainstream and migrant business associations, trade bodies, media and professional training organisations;

g. work closely with the migrant community as well as with the business community to strengthen bridges between the two and ensure proper support, such as mentorship and adequate information for migrant entrepreneurship;

h. use the existing knowledge from the projects and practices already implemented in Europe (such as, for example, non-repayable subsidies and real-estate tax exemption for entrepreneurs in Wroclaw, regional

guarantee funds in Alsace, guarantor services on loans in Amsterdam, specialised enterprise agencies in Helsinki and in Budapest, the Mentoring for Migrants programme in Vienna, co-organised by the Economic Chamber, the Austrian Integration Fund and the Employment Service to support qualified migrants in their labour market access, etc.), and promote experience sharing and dissemination of best practices;

i. stimulate network-building between different actors and co-operation between different levels of governance to raise awareness and increase the knowledge about migrant entrepreneurship.

13. The Congress further reaffirms the continued relevance of its proposals for the integration of migrants contained in its resolutions referred to in paragraph 7 above, and calls on European local authorities to implement them fully. In this regard, the Congress expresses its appreciation to the Cities for Local Integration Policy (CLIP) Network for the work it has carried out since 2006, and instructs its Current Affairs Committee to continue close co-operation with the Network's successor within the proposed European Pact for Integration.

14. The Congress further instructs its Governance Committee and its Current Affairs Committee to keep the question of migrant entrepreneurship under review and to ensure the dissemination of relevant good practices to local authorities, including through their European and national associations.

DRAFT RECOMMENDATION¹⁰

1. The immigrant population in Europe is growing and rapidly becoming more diverse in terms of ethnic or national origin, as well as in terms of length of stay, educational achievement, and socio-economic position. Increasing migration to Europe raises the questions of both integration of migrants into the host community and their meaningful contribution to the local economy and economic development, which is especially important in the current situation of economic crisis.

2. An increasing number of migrants are becoming entrepreneurial, with a greater number of migrants interested in setting up their own businesses than among the native population. The ongoing rise in migrant entrepreneurship is expected to contribute significantly to the integration of immigrants at local level, to the economic development of their city of residence, and to the creation of new businesses in Europe in general, which has been identified as a crucial issue in the EU proposal for the programme for business competitiveness and small and medium-sized enterprises (SMEs),¹¹ in the implementation of the Europe 2020 strategy.

3. Micro-businesses and SMEs represent 99% of all enterprises in the EU,¹² employ 67% of the workforce in the private sector, account for 58% of the total turnover¹³ and create 4 million new jobs every year.¹⁴ It is the entrepreneurs behind these businesses who are the backbone for building stability and success for European economic recovery and development. However, Europe lags behind other world regions in the creation of new businesses, with only 37% of Europeans interested in starting a business – down from 45% three years ago – compared to 51% in the USA and 56% in China.¹⁵ Improving the possibilities and conditions for starting and operating businesses in Europe as well as for supporting and protecting entrepreneurs is therefore crucial for European economic development.

4. Migrant entrepreneurs can be important for various reasons: they create their own jobs; create jobs for others; develop different social networks than immigrant workers and shape their own destinies rather than waiting for cues from the host society's institutions. As entrepreneurs, they may provide a different range of goods and services; they can enhance the vitality of particular streets or neighbourhoods in cities or of specific economic sectors and most of all, they play their part in the 'natural' process of succession and renewal of the total corpus of entrepreneurs.

5. However, migrants face significant obstacles when starting business careers, which are specific to their situation and include, among others, difficulties in contacting the authorities, receiving funding or accessing local social networks. The typical barriers they encounter are related to the availability of information about entrepreneurial opportunities and the relevant rules and regulations; to the availability of business locations; to the availability of financial capital; to having access to a pool of customers; to their embeddedness in local, national and transnational networks; to staff management; and to the availability of skills and competencies.

6. At the same time, many national authorities today consider that migrant entrepreneurship is first and foremost a question of entrepreneurship, that efforts toward entrepreneurs are also beneficial for migrants, and that no specific measures are therefore needed to promote migrant entrepreneurship.

¹⁰ See footnote 2

¹¹ COM(2011) 834 – Proposal for a programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020).

¹² CLIP – Promoting ethnic entrepreneurship in European cities, © European Union, 2011, ISBN 978-92-897-1038-1.

¹³ COM(2011) 834 – Proposal for a programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020).

¹⁴ COM(2012) 795 – Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe.

¹⁵ Ibid.

7. Over the past years, the Congress of Local and Regional Authorities has addressed to the Committee of Ministers a number of recommendations on various aspects of integration of migrants at local level, in particular Recommendation 115 (2002) on “The participation of foreign residents in local public life: consultative bodies”; Recommendation 153 (2004) on “A pact for the integration and participation of people of immigrant origin in Europe’s towns, cities and regions”; Recommendation 252 (2008) on “Improving the integration of migrants through local housing policies”; Recommendation 261 (2009) on “Intercultural cities”; Recommendation 262 (2009) on “Equality and diversity in local authority employment and service provision”; and Recommendation 304 (2011) on “Meeting the challenge of inter-faith and intercultural tensions at local level”. The integration of migrants through local entrepreneurship and self-employment is another aspect that deserves full attention.

8. The challenge of integrating migrants in local communities as a major factor for better social cohesion and intercultural harmony, and the crucial role of local authorities in this process, were also highlighted in the report on “Living together: Combining diversity and freedom in 21st century Europe”, commissioned by the Council of Europe and prepared by its Group of Eminent Persons in 2011.¹⁶

9. The European Commission, in its January 2013 communication “Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe”, committed itself to proposing “policy initiatives to attract migrant entrepreneurs and to facilitate entrepreneurship among migrants already present in the EU or arriving for reasons other than setting up business, building on the best practices developed in the member states, including by local authorities.”¹⁷ The Commission also invited EU member states to remove legal obstacles to the establishment of businesses by legal migrant entrepreneurs and to facilitate access to information and networking for migrant entrepreneurs and prospective migrant entrepreneurs.¹⁸

10. Maintaining and improving social cohesion through better integration and inclusion of migrants and other minority groups has become a major challenge for all Council of Europe member states, in particular in this time of economic crisis. The implementation of the Europe 2020 strategy in EU countries should provide impetus and positive examples to trigger similar policies and action in non-EU member states as well.

11. In the light of the above, the Congress of Local and Regional Authorities asks the Committee of Ministers to invite member states of the Council of Europe to:

a. recognise the importance of migrant entrepreneurship for integration and economic development, and promote migrant entrepreneurship as part of wider integration policies and economic growth;

b. review the regulatory and structural frameworks for setting up and operating small and medium-sized businesses, which frequently present barriers to migrant business creation, bearing in mind the Think Small First principle and aim to:

- i. make national laws more business-friendly for SMEs;
- ii. simplify procedures and reduce administrative burdens;
- iii. improve the information flow between business and the administration;
- iv. provide access to finance and support access to markets;
- v. evaluate the impact of policy measures on migrant business operations;
- vi. set up mechanisms for consultations with entrepreneurs and their associations to ensure their feedback on the way policy measures are implemented and their effectiveness.

c. advocate and develop in particular methods to facilitate access to venture capital through micro-financing for migrant entrepreneurs and other specific groups;

¹⁶ “Living together: Combining diversity and freedom in 21st century Europe”, Report of the Group of Eminent Persons of the Council of Europe, © Council of Europe, May 2011.

¹⁷ COM(2012) 795 – Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe.

¹⁸ Ibid.

d. raise the awareness of intermediary organisations such as training centres, consultancies and business associations concerning the situation and conditions of migrant entrepreneurs and strengthen these organisations' capacities;

e. recognise the importance of the local level in promoting migrant entrepreneurship, and support local policies and measures to facilitate the start-up and operation of migrant businesses;

f. improve the framework for increasing the participation of migrants, including migrant entrepreneurs, in decision making at local level, and in particular grant the right to vote at local level to non-EU foreign residents, following the example of more than 20 European countries which have done so, as well as sign and ratify the Council of Europe Convention on the Participation of Foreigners in Public Life at Local Level;¹⁹

g. stimulate network building between different actors and co-operation between different levels of governance to raise awareness and increase the knowledge of migrant entrepreneurship;

h. promote entrepreneurship and business creation in general and recognise in particular the importance of SMEs in meeting the challenges brought about by the ageing of the European population.

12. The Congress further reaffirms the continued relevance of its proposals for the integration of migrants contained in its recommendations referred to in paragraph 7 above, and asks the Committee of Ministers to invite member states of the Council of Europe to ensure their full implementation.

13. The Congress also recommends that the European Union and its structures:

a. recognise migrant entrepreneurship as an important aspect of integration and use its potential to contribute to job creation and inclusive economic growth in Europe;

b. take advantage of the possibilities at European level to support local and national governments in their efforts to promote migrant entrepreneurship and increase migrant entrepreneurs' access to venture capital;

c. recognise and promote entrepreneurship in general as a prerequisite for Europe in dealing with future challenges; and

d. make the best use of the existing knowledge of European countries, regions and cities to promote experience sharing and dissemination of best practices.

¹⁹ Council of Europe Convention on the Participation of Foreigners in Public Life at Local Level of 1992, CETS No. 144.

EXPLANATORY MEMORANDUM²⁰**I. Introduction**

1. The immigrant population in Europe is growing and rapidly becoming more diverse in terms of ethnic or national origin, but – as far as first- or second- generation immigrants are concerned – also in terms of length of stay, educational achievement, and socio-economic position. Increasing migration to Europe raises the questions of both integration of migrants into the host community and their meaningful contribution to the local economy and economic development, which is especially important in the current situation of economic crisis.

2. An increasing number of migrants have become entrepreneurial and set up businesses, and it is hoped and expected that the ongoing rise in migrant entrepreneurship will contribute significantly to the integration of immigrants and to the economic development of their city of residence. Migrant entrepreneurs can be important for various reasons: they create their own jobs; create jobs for others; develop different social networks than immigrant workers; and, last but not least, shape their own destinies rather than waiting for cues from the host society's institutions. As entrepreneurs, they may provide a different range of goods and services; they can enhance the vitality of particular streets or neighbourhoods in cities or of specific economic sectors; and most of all, they play their part in the 'natural' process of succession and renewal of the total corpus of entrepreneurs.

3. Over the past years, the Congress of Local and Regional Authorities has addressed various aspects of integration of migrants at local level, in particular in its Resolution 141 (2002) and Recommendation 115 (2002) on "The participation of foreign residents in local public life: consultative bodies"; Resolution 181 (2004) and Recommendation 153 (2004) on "A pact for the integration and participation of people of immigrant origin in Europe's towns, cities and regions"; Resolution 270 (2008) and Recommendation 252 (2008) on "Improving the integration of migrants through local housing policies"; Resolution 280 (2009) and Recommendation 261 (2009) on "Intercultural cities"; Resolution 281 (2009) and Recommendation 262 (2009) on "Equality and diversity in local authority employment and service provision"; and Resolution 323 (2011) and Recommendation 304 (2011) on "Meeting the challenge of inter-faith and intercultural tensions at local level".

4. The challenge of integrating migrants into local communities as a major factor for better social cohesion and intercultural harmony, and the crucial role of local authorities in this process, were also highlighted in the report on "Living together: Combining diversity and freedom in 21st century Europe", commissioned by the Council of Europe and prepared by its Group of Eminent Persons in 2011.²¹

5. The present report examines the specific aspect of the integration of migrants through self-employment at local level and migrant entrepreneurship in European municipalities. The entrepreneurial activities of migrants in starting and operating their own businesses is an important aspect of both their integration and their economic contribution at local level, an aspect which currently does not receive the attention it deserves.

6. The report draws on the findings and conclusions of a 2011 study by the Cities for Local Integration Policy (CLIP) Network,²² which assessed the current situation of migrant entrepreneurship in 28 European municipalities. The rapporteur wishes to thank the CLIP Network for its valuable contribution to the work on the integration of migrants and its proposals for concrete measures at European, national and local levels put forward since its inception in 2006, including also with regard to housing (segregation, access, quality and affordability of housing for migrants);²³ equality and diversity policies in relation to employment within municipal administrations and in their provision of services;²⁴ as well as intercultural policies and intergroup relations at local level.²⁵

²⁰ The rapporteur thanks in particular the Swedish Association of Local Authorities and Regions (SALAR) for its assistance in preparing this explanatory memorandum.

²¹ "Living together: Combining diversity and freedom in 21st century Europe", Report of the Group of Eminent Persons of the Council of Europe, © Council of Europe, May 2011.

²² CLIP – Promoting ethnic entrepreneurship in European cities, © European Union, 2011, ISBN 978-92-897-1038-1.

²³ CLIP – Housing and integration of migrants in Europe, EF/07/94/EN, ISBN 978-3-7001-6042-7.

²⁴ CLIP – Equality and diversity in jobs and services: City policies for migrants in Europe, EF/08/71/EN.

²⁵ CLIP - Intercultural policies in European cities, EF/10/32/EN.

7. The rapporteur considers that the CLIP study on promoting migrant entrepreneurship can usefully support the current EU programme proposal for business competitiveness and small and medium-sized enterprises (SMEs)²⁶ and should be taken into account when developing policy recommendations in this area.

II. Small and medium-sized enterprises and migrant entrepreneurship

8. Almost everywhere we look in society we can see signs of globalisation; it is in trademarks, in products and in everything ranging from large multinational corporations to small micro-businesses, whose origins are increasingly in countries far from Europe. *Chinese bubble tea*, *Turkish döner kebab*, *Bollywood movies* or *Moroccan henna*: the appearance of this ever-broadening range of 'exotic' products in shops in Amsterdam, Frankfurt, Istanbul or Lisbon reveals some of the deepening links between less-developed and advanced economies. The ethnic and socio-cultural make-up of many advanced economies has significantly changed as flows of long-distance migration from ever more locations increased in the second half of the twentieth century. Immigrants from both developed and less-developed countries moved to advanced economies, embodying the complex process of globalisation in a very palpable sense.

9. These two highly visible aspects of globalisation – the international mobility of capital and of labour – are often directly related as immigrants themselves introduce their products and services to far-off places. They start businesses in their countries of settlement and become 'self-employed', 'new entrepreneurs', 'immigrant entrepreneurs', 'foreign entrepreneurs' or 'ethnic entrepreneurs'.

10. Notwithstanding the increasing numbers of migrant entrepreneurs from less-developed countries who set up shop, they have long remained out of sight and out of mind in the public and political discourse of Europe. In socio-economic terms, for a long time these immigrants were largely viewed as workers. Immigrants were predominantly depicted as suppliers of cheap, low-skilled labour in advanced economies. Only more recently has attention shifted towards immigrants who start their own businesses.

a. Importance of small and medium-sized enterprises

11. The European Union has now started to pay attention to the fact that a large part of its economy and workforce originates from small and medium-sized enterprises (SMEs). Micro-, small and medium-sized businesses represent 99% of all enterprises in the EU,²⁷ employ 67% of the workforce in the private sector, account for 58% of the total turnover²⁸ and create 4 million new jobs every year.²⁹ It is the entrepreneurs behind these businesses who are the backbone for building stability and success for European economic recovery and development. However, when looking at growth among entrepreneurs on this continent compared with other world regions, Europe is behind the United States and Asia when it comes to the creation of new businesses: studies have shown that 37% of the population in the EU say that they would consider starting a business— down from 45% three years ago –while the corresponding number in the USA is 51% and in China 56%.³⁰

12. In the EU proposal for the programme for business competitiveness and SMEs,³¹ this difference in the spirit of enterprise in the US in comparison to Europe is identified as a problem that needs to be addressed. The welfare of Europe depends on our small and medium-sized enterprises, and we need to make sure that existing and new businesses have the best possible conditions to operate and to grow. It is therefore crucial to improve the possibilities for starting and operating businesses in Europe as well as for supporting and protecting entrepreneurs.

13. Some policy measures have already been put forward under the 2003 European Charter for Small Enterprises and the 2008 Small Business Act (SBA), aimed at making European and national laws business-

²⁶ COM(2011) 834 – Proposal for a programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020).

²⁷ CLIP – Promoting ethnic entrepreneurship in European cities, © European Union, 2011, ISBN 978-92-897-1038-1.

²⁸ COM(2011) 834 – Proposal for a programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020).

²⁹ COM(2012) 795 – Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe.

³⁰ Ibid.

³¹ COM(2011) 834 – Proposal for a programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020).

friendly for SMEs, reducing their administrative burdens (for example, less time and cost to start a business), providing access to finance (including better access to loans and less rigid accounting rules), and supporting access to markets (such as reduction in fees for trademark rights, simplified registration procedures, cross-border provision of services and proposed common rules for starting up and operating a business in any EU country).

14. In addition, a 2009 European Commission report stressed the need to implement the Think Small First principle, in particular by holding consultations with SMEs and listening to their ideas, evaluating the practical impact of policy measures on their operations, and optimising the information flow from the business to the administration. The Commission reiterated this need in its January 2013 communication “Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe”, in which it committed itself in particular to proposing “policy initiatives to attract migrant entrepreneurs and to facilitate entrepreneurship among migrants already present in the EU or arriving for reasons other than setting up business, building on the best practices developed in the member states, including by local authorities”.³² The Commission also invited EU member states to remove legal obstacles to establishment of businesses by legal migrant entrepreneurs and to facilitate access to information and networking for migrant entrepreneurs and prospective migrant entrepreneurs.³³

15. Policy measures in accordance with the Think Small First principle are indeed equally applicable to migrant businesses and important for promoting migrant entrepreneurship. Migrants have proven to be a large part of small enterprises, and their interest in starting their own businesses in most cases exceeds that of the native population. Today in general, there is a greater amount of one-man businesses among European migrants than among the native population, both despite and sometimes due to the fact that migrants experience greater obstacles when starting their careers. Paradoxically, their difficulties in entering the labour market through employment can be a contributing factor to the fact that a high percentage of migrants are looking to start their own businesses.

16. By directing our efforts towards this group, which is showing a greater entrepreneurial tendency, we can hope to be able to speed up the process of increasing the overall number of businesses in Europe.

b. Role and importance of migrant entrepreneurship

17. In many parts of Europe, the percentage of migrants running their own businesses is greater today than among the native population. This occurs despite the fact that migrants usually have more difficulties benefitting from the support available when it comes to starting and running a business. The reasons for this higher percentage can depend on different factors, but it is important to take maximum advantage and make good use of this desire and personal drive of migrants to start businesses. Promoting migrant entrepreneurship must therefore be given a higher priority than it enjoys today, and must be regarded as an important resource and a source of both integration of migrants and their input into the local economy and economic development. Migrant entrepreneurship should in particular be given a greater profile within the current work to improve and strengthen the conditions for SMEs and entrepreneurs, which is being carried out within the EU as part of the implementation of the Europe 2020 strategy.

18. While statistics show large variations between countries and municipalities, the highest share of self-employed foreign-born in non-agricultural employment was registered in central and eastern Europe, with Poland, Slovakia and the Czech Republic leading and Italy close behind. Another group of countries comprising the United Kingdom, Belgium, Hungary and Portugal show a medium number of foreign-born self-employed, while the countries that have a low number of foreign-born self-employed include Austria, Germany, Ireland and Luxembourg.³⁴

19. At the municipal level, the share of migrant business among total business stood at nearly 35% in Amsterdam (Netherlands) and Strasbourg (France), more than 30% in Vienna (Austria) and over 20% in Frankfurt (Germany). The figures also demonstrate a steady increase in new business start-ups among migrants – an indication of robust entrepreneurial dynamics – with 52% of all recent start-ups in Frankfurt being migrant entrepreneurs (in a country with an average share of migrant entrepreneurs at 15%),

³² COM(2012) 795 – Entrepreneurship 2020 Action Plan: Reigniting the entrepreneurial spirit in Europe

³³ Ibid.

³⁴ CLIP – Promoting ethnic entrepreneurship in European cities, © European Union, 2011, ISBN 978-92-897-1038-1 12/17

compared to 37% in Stuttgart (Germany), 25% in Malmö (Sweden), 15% in Turku (Finland) and 13% in Copenhagen (Denmark).³⁵

i. Specific contribution of migrant entrepreneurs

20. The self-employment of migrants is important for several reasons. By starting their own business, migrant entrepreneurs create their own jobs, which enable them to circumvent some of the barriers they may encounter in looking for employment. Immigrants from less-developed countries are especially likely to come up against these barriers. They may lack or be felt to lack educational qualifications, they may not have sufficient access to relevant social networks for transmitting information on vacancies, or local employers may simply discriminate against them. Becoming self-employed does not mean all these barriers have become irrelevant, but entrepreneurs seem to be less vulnerable.

21. If they are successful, migrant entrepreneurs can create jobs for others as well. This can benefit relatives, friends and acquaintances and, more generally, co-ethnics, as social networks are often interfaces for information on the recruitment of new workers by small firms. Creating jobs – even poor jobs – helps alleviate unemployment among immigrants. The same holds for providing apprenticeships, which in some countries is seen as an important vehicle for a labour market career. This does not exclude, of course, also the creation of jobs for people from other ethnic groups, including the native mainstream.

22. Migrant entrepreneurs can also contribute different forms of social capital to immigrant ethnic communities. Because of their links to suppliers and customers, they can be useful in constructing bridges to other networks outside the inner circle, thus improving chances of upward mobility. Moreover, migrant entrepreneurs often act as self-appointed leaders for their communities, showing that immigrants from less-developed countries are not necessarily restricted to filling vacancies on the job market and can be active agents shaping their own destinies.

23. In addition, migrant entrepreneurs may broaden the range of goods and services in a country and hence expand the consumers' choice. They may provide goods and services that native entrepreneurs are less likely to offer, and may have expert knowledge on specific demands or specific sources of supply relating to foreign products. By introducing new products and new ways of marketing, even migrant entrepreneurs at the bottom end of a market can be innovators, the introduction of the döner kebab by Turkish entrepreneurs in Germany being a case in point.

24. Furthermore, migrant entrepreneurs can add vitality to particular streets or neighbourhoods in cities, in particular those deserted by native businesses, reversing deterioration. As owners of local businesses, they have a clear stake in the prosperity, accessibility and safety of the street or neighbourhood. In many cases, these businesses are also where members of local social networks gather, representing an important component of the social fabric that sustains civic society at the grassroots level. Finally, migrant entrepreneurs can be instrumental in giving certain sectors a new lease of life because of their specific skills, knowledge or social capital that can be at a comparative advantage in some industries.

ii. Obstacles to migrant entrepreneurship

25. Migrants are generally a group that has considerable difficulties in comparison to the native population when it comes to getting ordinary employment. While migrants encounter the same problems as other people do when they want to start their businesses, they often have to face other additional obstacles, which originate from their specific situation, including, for instance, difficulties in contacting the authorities, receiving funding or accessing local social networks.

26. Despite the apparent diversity of both the origins of the entrepreneurs and the types of businesses they have established in various countries, there are clearly similar underlying processes and similar barriers that pose problems for migrant entrepreneurship. These barriers are related to the availability of information about entrepreneurial opportunities and the relevant rules and regulations; to the availability of business locations; to the availability of financial capital; to having access to a pool of customers; to their embeddedness in local, national and transnational networks; to staff management; and to the availability of skills and competencies.

³⁵ Ibid.

27. Although there have been notably successful migrant entrepreneurs in advanced economies, many have been funnelled towards markets at the lower end. Lacking, in most cases, access to significant funds of (financial) capital and also deemed lacking in appropriate educational qualifications, most fledgling migrant entrepreneurs seem to be able to set up shop only in markets with low barriers of entry in terms of investment and educational requirements. In these markets, production is mainly small-scale, low in added value, and usually very labour-intensive. Consequently, earnings are typically relatively low, and days are long and hard for many migrant entrepreneurs. There are, admittedly, indications that migrant entrepreneurs from the second generation of immigrants, who are often better educated than their parents, are able to position themselves in much better, i.e., more profitable, markets.

28. Apart from contributing to the local economy, migrant entrepreneurship plays a major role in improving integration and cohesion in local communities. Removing the barriers faced by migrant entrepreneurs is therefore of crucial importance in both economic and social terms, and measures to do so fall in many cases within the remit of local authorities.

29. Having the possibility to earn one's living and to be able to contribute to the development of society is one of the fastest ways to become integrated into society. Work makes it easier to feel that you belong and that you contribute, to have a purpose and a context in the community. Through efforts to remove obstacles for migrants in starting their own businesses, it is possible to tackle two important issues for Europe: increased integration and the creation of more businesses.

30. Moreover, in today's society we simply cannot afford to have a population that is fit for work but unable to enter the labour market. It is untenable to have a large group of able-bodied people being left in idleness, also for reasons of Europe's rapidly ageing population. A growing number of the elderly in many parts of Europe means that fewer working people have to support more people. If Europe is to be able to handle this situation, everyone needs to contribute to society in order for us to afford the service and care the population of a welfare society requires.

31. The ageing population also creates a need for new businesses and for new ideas regarding service and care. There is a market here, which is well suited for new small enterprises – a niche that could also be filled by migrant entrepreneurs if we make it easier for them to start and run businesses.

32. This is why it is important that both national governments and local authorities develop policy measures targeting and supporting specifically migrant entrepreneurship.

III. Policy measures to promote migrant entrepreneurship

33. European, national and municipal governments, business associations, as well as a wide range of third-sector institutions are attaching value – in various ways and with various levels of intensity – to migrant entrepreneurship. There are vast differences when it comes to how countries and cities work with migration issues, which is natural given their different history, social security systems, rules for becoming a citizen and experiences of migration.

34. Many countries consider that migrant entrepreneurship is first and foremost a question of entrepreneurship, and that efforts toward entrepreneurs are therefore also beneficial for migrants. At the municipal level, migrant entrepreneurship has not played until now a major role in the overall strategy supporting the integration of immigrants. Integration work is often separate from entrepreneurship and economic policy, and in the cases where something was done to promote migrant entrepreneurship, it was small scale and not part of any wider context.

a. Integration measures and migrant entrepreneurship: current situation

35. Several perceptions account for this state of affairs and influence the existing approaches in municipal policies. First, that no specific measures are needed for migrants who have not yet become entrepreneurs – which creates a chicken-and-egg situation for those interested in starting a business. Second, that integration measures should focus on social aspects – language skills, social cohesion, norms and values, personal security, etc. – rather than embarking on a career or setting up a business. Third, that the focus should be on labour market participation through employment rather than self-employment and entrepreneurship. Fourth, that no special measures for migrant entrepreneurs are needed at all, either because it is a matter for the private sector (and government should not intervene) or because group-specific

measures are considered discriminatory towards other groups (this latter approach has recently been changing with more measures being taken to promote women entrepreneurs).

36. Thus, there is clearly a need for raising awareness among local authorities of, on the one hand, the importance of migrant entrepreneurship as such and, on the other hand, of their own role and responsibility in promoting self-employment of migrants. Awareness and understanding at the local level of the conditions for entrepreneurs and in particular migrant entrepreneurs is crucial for supporting their development in the best way possible. It is important that the local level takes its responsibility to push these questions forward in order to achieve good results. At the same time, national policies and programmes in support of migrant entrepreneurship must include possibilities and incentives for the local level to act on the matter.

b. Measures to improve conditions for migrant entrepreneurs

37. Specific measures to promote migrant entrepreneurship could be grouped into three sets: measures to improve the personal capability of entrepreneurs; measures to improve the business environment for their enterprises; and measures to increase their participation in community life, as part of the overall participation of migrants at local level.

38. The first set of measures should focus on assistance in:

- a. offering access to advice and information services, in order to familiarise entrepreneurs with regulations and procedures upon start-up of their businesses, possibly in their mother tongue;
- b. finding a business location, either through help in finding premises or through the provision of premises within business incubators;
- c. getting access to finance, in particular through microcredit loans;
- d. finding customers, by providing marketing advice;
- e. building local connections and mobilising transnational links;
- f. finding and managing personnel;
- g. improving business skills; and
- h. overcoming additional hurdles due to multiple discrimination (for example, migrant women entrepreneurs).

39. The second set of measures, aimed at improving the business environment, should include, for example:

- a. deregulation measures and simplification of administrative procedures;
- b. programmes for urban revitalisation, including the spatial distribution of businesses and their accessibility; and
- c. measures to promote and empower migrant business associations.

40. Furthermore, mechanisms and structures should be put in place to involve migrant entrepreneurs in community affairs as part of the overall measures to increase the participation of migrants in decision-making at local level – through local consultative councils of foreign residents, consultations with migrant entrepreneurs and their business associations, their involvement in local chambers of commerce, etc.

41. In this regard, the right to vote at local level is of particular importance, and member states of the Council of Europe that have not yet done so should be encouraged to follow the example of more than 20 European countries currently giving this right to non-EU foreign residents, and in particular to sign and ratify the Council of Europe Convention on the Participation of Foreigners in Public Life at Local Level.³⁶

³⁶ Council of Europe Convention on the Participation of Foreigners in Public Life at Local Level of 1992, CETS No 144

i. Access to funding through microcredits

42. One of the obstacles that migrants experience to a greater extent than the native population is the difficulty in finding funding. In this regard, microcredits are a good way of improving the possibilities for migrants to start their own business. In Sweden, some cities are using micro-financing as an alternative to usual bank loans for migrants and other groups that encounter the same problem. Microcredits seem to be a way of creating good financing opportunities for innovative ideas and for people in situations when the banks find it too unsafe to grant loans. There are many good examples in Europe of how to create such financing opportunities, which need to be better promoted as best practices for others to follow.

ii. Marketing initiatives and financing opportunities for migrants at local level

43. There are currently big differences at local level in how the information about support and financing to business owners and future business owners reaches the groups that have trouble with the local language, lack skills and in certain cases the possibility to obtain the necessary knowledge. It is important that the existing opportunities of support and financing are marketed and made accessible for those who need them. In this regard, it will also be useful to ensure an exchange of experiences and best practices on how to reach in the most efficient way the groups that are in the greatest need of such information.

iii. Better understanding by the authorities of migrant entrepreneurship and its effects on society

44. As shown in Section III.A of this report, entrepreneurship issues are often seen as being neutral and inclusive of all population groups to ensure that there is no bias for a particular group. There is a need for greater awareness and better understanding, principally among local governments, about the effects migrant entrepreneurship has on the entrepreneurship climate, as well as on supply and demand. With such better understanding, migrant entrepreneurship can contribute to building stronger societies, trade and industry, better local integration and development strategies and stronger labour markets. Better understanding will also mean a more solid foundation for smarter measures from local authorities.

iv. Business association for migrants

45. Migrants often do not have someone to “speak up” for them when it comes to entrepreneurship. The established entrepreneur organisations, which do address these issues, usually have a low representation of migrants and difficulties in conveying their information to migrant groups. It is therefore recommended to take the necessary measures for setting up and making operational migrant business organisations that can address the specific issues of migrant entrepreneurship. Such organisations can play an important role when it comes to issues of trade and industry, but might encounter problems of becoming established and active on their own. One reason for this could be that the initiatives to start such organisations are often included in integration policy and not trade and industry policy. Migrant organisations established and supported a trade and industry perspective could play an important role as an intermediary in passing knowledge both to and from migrant entrepreneurs, while local authorities would thus acquire a natural channel for communicating with migrant groups and at the same time receiving information about their conditions and needs.

v. Importance of the local level

46. Most efforts and activities, irrespective of them being at European, national or regional level, depend on a well-functioning local level. As the level closest to the citizens of Europe, the local level must be competent, informed, committed, innovative, bold and active. It is the local level’s responsibility to resolve local issues and somehow all issues end up being a local matter somewhere down the line. Local authorities must make sure that they are aware of the state of affairs of today and prepared for tomorrow. But in order for their action to be effective and efficient, they must have the necessary competences and tools for managing funding, initiatives and projects, and operate within flexible systems allowing them to be genuinely self-governing, especially when it comes to integrating the European population.

IV. Conclusions and recommendations

47. Today, the tendency to start a business in advanced economies is somewhat higher among migrants than among the native population, despite the fact that migrants usually face bigger obstacles. Entrepreneurship among migrants is steadily increasing in Europe and plays a more important role in the social and economic structure. In many cases migrant entrepreneurs offer services and products that are new or have disappeared from the market. Through their entrepreneurship they are renewing the supply and the labour market. They also open a labour market for certain groups that might have difficulties getting a job, for instance young people and other migrants.

48. There is a lot to gain in working to help and promote migrant entrepreneurship. Creating and maintaining good framework conditions for migrant entrepreneurs not only enhances a city's economic performance but also contributes to the ongoing integration of migrants. Migrant entrepreneurship contributes greatly to the creation of employment and growth in Europe. If we could create better conditions to start businesses and remove obstacles faced by migrants, it will be possible to increase the number of businesses in general and, in particular, the number of businesses created and operated by migrants. This would in turn increase the number of job opportunities in Europe and improve the conditions for taking on the challenges of the future.

49. In the light of the above, the rapporteur proposes a number of recommendations to local authorities, national governments and European policy-makers which are presented in the draft resolution and recommendation.