

Speaking points

Meeting of the European Social Partners with the European Commission
Wednesday 25 February, 09:00 – 10:00

Mr President, Dear Commissioners, Colleagues,

Today's meeting is as exceptional as Europe's economic conditions. It is also a positive signal of Europe's willingness to respond to the crisis, and is certainly one way to improve dialogue among all concerned parties. So thank you. You have proved once more that you are the most SME-aware Commission to date.

The economic crisis is a clear concern for all businesses. Therefore, I would like to second the points made by Businesseurope, especially the call on Member States and on trade unions not to give in to protectionist reflexes. We are increasingly worried by the new wave of **protectionism** that has hit Europe in the last weeks and made its way into a number of national economic recovery programmes. Europe must not give in to protectionist reflexes. We count on you – on the European Commission – as the guardian of the EU Treaty to fight back economic nationalism and protect the single market, which is the cornerstone of our Union.

As far as small businesses are concerned, there are **three points** I would like to discuss with you today.

1. First of all, our main concern is **access to finance** for SMEs, which must be ensured.
2. My second point is about **labour markets**. SMEs are left out in the cold by recovery plans when it comes to employment support measures. This is not acceptable.
3. My third and final point will be about the importance of **action** and of the **implementation** phase.

1. On **access to finance**: due to the financial crisis, credit has become scarcer and more expensive. Small businesses are finding it hard to finance not only investments, but also their day-to-day activities. Thanks to the quick reaction from the EU institutions, access to finance has not come to a complete standstill for SMEs. Two of the measures taken have been of particular relevance for SMEs:

- The new **temporary State aid framework** approved in December. We have welcomed the extension of guarantee volumes, the inclusion of working capital and the reduction of fees. Now the Commission must make sure that notification and approval is as quick as possible. Apparently, this is not happening as fast as it should.

- The new instruments from the **European Investment Bank** and the **European Investment Fund** go in the right direction. But it is now time to transform paper commitments into money – by signing contracts with intermediaries at national or regional level.

Despite these positive developments, much remains to be done.

I am thinking for instance about **late payments**, which are particularly harmful for SMEs, especially at a time of economic crisis. Mr President, Vice President Verheugen, you have inserted the revision of the Late Payments Directive in the Small Business Act, and we are thankful for that. However, the proposal that you are about to present must include business-to-consumers transactions, the so-called B2C. A huge number of crafts and SMEs suffer from payment delays from households, which are not paying for services they have already received. This endangers the liquidity and solvency of small companies. There is no reason why consumers should not pay in time.

2. On labour markets and employment: as we have already seen in the previous crisis, small entrepreneurs are more reluctant to lay off workers. This is confirmed by our latest **SME survey**, which I brought with me today: the smaller the enterprise, the better the employment outlook. However, small entrepreneurs cannot do it alone. They need support to continue this responsible behaviour in terms of flexible working arrangements, temporary unemployment benefits as well as measures for training and requalification of staff. The goal is to enable SMEs to keep as many workers as possible in the company.

Moreover, the economic crisis has led to downsizing in several important industrial realities in Europe. However, the consequences of downsizing for local SMEs have been neglected. When large industries reduce or cease operations, small suppliers and subcontractors are hit as hard as the industry's own staff. That is why SMEs must be included in all restructuring support measures. Unfortunately, this is not the case at the moment, not even when EU-wide resources such as Social Funds or the Globalisation Adjustment Fund are used and despite Commissioner Spidla's efforts in this respect. We appreciate your efforts, Commissioner, and we would like to thank you for today's meeting.

3. Mr President, Dear Commissioners, I would like to conclude by stressing that it is now **time for action**.

It is time to "**Think Small First**", now more than ever. This slogan must be more than a catchphrase; it must become the founding principle of Europe's enterprise policy. A lot of progress has been made in this respect, but we are not quite there yet.

It is time to act more against **red tape**, for example. Vice President Verheugen, you were right in Monday's interview on German TV: we must avoid additional burdens on enterprises. But this is not true only for the car industry, it's true also and especially for SMEs. I am thinking about food labelling and costly certifications for instance.

It is time to focus on tangible results, which are the only results that matter to entrepreneurs like myself. If the initiatives taken or announced in the last months remain on paper, we will be left on our own. We cannot afford a gap between our words and our deeds at this stage. We need a rapid implementation of the measures discussed, adopted and announced in the last months.

I believe that dialogue between SMEs and all other stakeholders, like today, can help to transform words into actions. That is why I believe that today's meeting must be the first of a regular series and part of an ongoing consultation process.

Thank you again for today's meeting, and thank you very much for your attention.