

Position Paper

UEAPME¹ position on the review of the “Small Business Act for Europe”

Introduction

UEAPME welcomes the informal consultation of the European Commission on the so-called “review” of the Small Business Act (SBA) as it confirms the importance of the documents and its principles as a crucial reference for the European policies. It is also an expression of the commitment of the Commission to build and monitor its policies on the SBA. UEAPME particularly welcomes the announcement by the European Commission that it has made “the speedy implementation of the SBA actions” one of its priorities.

However, the implementation of the SBA so far has been anything but “speedy”. Member States have made barely any progress on the “Think Small First” principle and even less on the concrete measures linked to the Small Business Act one year after its entry into force. This was also clearly demonstrated in our latest “Think Small Test” and “SBA Implementation Scoreboard” surveys². Therefore, UEAPME does not see the usefulness of a “review” of the SBA if it is not aimed at giving it a new impetus. Instead of reviewing it, it would be better to analyse Member State by Member State the reasons why the implementation of the SBA has been so slow and why there are so many different results and lack of harmonised data in the Member States. The same should also be done at European level.

UEAPME also recalls that its position papers “UEAPME expectations on the proposal for a European Small Business Act”³ and “UEAPME response to the European Commission’s questionnaire on the Small Business Act for Europe”⁴ are still valid. We also refer to the UEAPME position papers which contain concrete proposals to implement the SBA and the “Think Small First” principle⁵.

¹ UEAPME subscribes to the European Commission’s Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](#).

² <http://www.ueapme.com/spip.php?rubrique121>

³ http://www.ueapme.com/docs/pos_papers/2007/071214_pp_SBA.pdf

⁴ http://www.ueapme.com/docs/pos_papers/2008/080331_questionnaire_SBA.pdf

⁵ - [Updated UEAPME position on the proposal for a Directive on Consumer Rights](#)

- [UEAPME proposals for simplification measures of the administrative rules and the financial management of structural funds](#)

- [UEAPME comments on the future “EU 2020 Strategy”](#)

- [UEAPME position on the European Employment Strategy post 2010](#)

- [UEAPME response to the Committee of the Regions’ White Paper on “Multilevel Governance”](#)

- [European Craft and SME Policy 2010 – 2014: Towards Growth, Prosperity and Stability](#)

- [UEAPME’s position on the impact of climate change on employment](#)

- [Acting now to trigger a new start – UEAPME memorandum to the European Parliament for its first year in office](#)

- [UEAPME’s position paper on the Commission’s proposal on the late payments directive \(recast\)](#)

- [UEAPME answer to the consultation on consumer collective redress](#)

Implementing the SBA

- The first and most important priority is **to fully implement and respect** what has been decided. This also includes the 27 priority measures of the so-called “Novelli action plan” (with its 3 pillars: improving SME access to finance, a regulatory environment supportive of SME needs, enhancing market access for SMEs). At the same time, representative SME organisations have to be better associated in the implementation process at European, national and regional level.

- The **“Think Small First” principle** is not a reality yet at European level, and so far it is not correctly interpreted. A proof of this are the different incorrect language versions („Vorfahrt für KMU in Europa“ in German; “penser d’abord aux PME” in French). The real “Think small first” principle means that the starting point for all legislation (new and revised) should be the smallest enterprises, i.e. the overwhelming majority of enterprises, instead of making exemptions for them or excluding them. This principle should be used consistently and with more ambition throughout the whole regulatory and implementing process. Applying this principle will reduce the need for exemptions for SMEs and will dramatically ease administrative burdens. The principle is extremely important but the result is heavily depending on how it is interpreted in the regulatory or implementing situation.

- The principle should be openly addressed throughout the regulatory process at all levels: European, national, regional and local. The consultation, hearings and draft proposal stages should all include the question of what would be the best solution according to the “Think Small First” principle. Addressing it throughout the regulatory process could improve the actual regulatory outcome and encourage discussions on whether the solutions chosen can actually be considered to meet this fundamental principle. To improve the situation, it is also necessary to introduce the reduction target of 25 % of the administrative burdens as a **net** target. UEAPME also advocates for a wider approach, which means focusing on the full regulatory burden instead of just the administrative burdens. Without a net target, an improvement in one area will continue to be consumed by increased burdens in other areas and SMEs will not notice any improvement even if the figures look better.

- It goes without saying that the Commission has an important role to play in a better monitoring of the implementation of the SBA at national and regional level. But the European institutions themselves and especially the European Commission should lead by example. A better respect by the Commission itself of the SBA principles (neutral and objective Impact Assessments, “Think Small First” as defined above, consultation of the relevant stakeholders etc.) is the main priority.

- Member States should report on their implementing measures (on the basis of indicators to be developed) to the Commission and the Commission should put pressure on the Member States to involve the representative SME organisations in this exercise (mutual evaluation). The Commission should (re)launch a general call and

- [UEAPME position paper on the EC Communication "A shared commitment for employment"](#)

- [UEAPME position on the consultation paper "Cutting Accounting Burden for Small Business / Review of the Accounting Directives"](#)

- [Restoring confidence for a new start: UEAPME priorities for the Swedish Presidency](#)

- [Think and act "small first": four actions to get out of the crisis](#)

- [UEAPME position paper on the Green paper on Territorial Cohesion](#)

- [UEAPME priorities for the Czech Presidency](#)

- [UEAPME Memorandum to the European Parliament for the upcoming elections](#)

- [UEAPME assessment of the implementation of Recommendation 2003/361/EC on the definition of micro, small and medium-sized enterprises by Member States](#)

raise awareness towards Member States to ensure a correct and efficient implementation of the SBA at national and regional level.

- Although a reference is made to the SBA in guideline 6 of the “Integrated Guidelines for the implementation of the EU-strategy”, there is a need for a **strict integration of the SBA in the “EU 2020” strategy and in the future “Relaunch of the Internal Market”** respecting the “Think Small First” principle. All the priorities and flagships of the EU2020 have to be considered according to the SBA principles. There is a need to set up a real governance policy, which should include representative SME organisations. This will also be an occasion to implement the SBA principles in all the EU policies.

Governance

- UEAPME reiterates its demand to conclude an **Inter Institutional Agreement** in order to fully respect the key principles of the SBA, “think small first”, “only once”, Impact Assessments, and “proportionality”.

- The Lisbon Treaty represents a new opportunity for a constructive dialogue between SME organisations and the EU institutions. UEAPME favours multi-level and multi-actors governance. The representative SME organisations must be recognised by the Commission as the legitimate representatives of the enterprises and as the main source of stakeholder consultation. In addition the valuable and irreplaceable role of the intermediary representative SME organisations has to be fully recognised and supported. As a consequence the Enterprise Europe Network (EEN) has to be evaluated and reformed. The modalities of its territorial implementation should reflect the diversity of SMEs and should lead to synergies and coherence with the role already played by the representative SME organisations.

- The “SME test” has to be fine tuned in order to deliver the outcome for which it has been designed (it is at the moment only an indicator). This means that it should be done in the language of the SME, that background information on the content and aims of the questionnaire and enough time to respond should be given.

- As already stated above, a better application of the “Think Small First” principle is necessary. This will be possible through a broader use of the consultation procedures and to an operative review of the **Impact Assessment** methodology, so that the latter will be finally, as requested by the Council in December 2008 and in December 2009, concrete, rigorous and independent.

UEAPME attaches great importance to effective and independent impact assessments to be carried out prior to all legislative initiatives. Impact Assessments, together with Stakeholder Consultation, are key pillars of the “Think Small First” principle of the Small Business Act and a priority not only for enterprises, but also for the European Council, which has insisted on its importance in several occasions. **The European Commission should provide systematic, specific, real and independent Impact Assessment for SMEs, taking into account the different categories.**

While the principle of Impact Assessment seems to be somewhat well established, we believe that more must be done on how to put this principle into practice:

1) Impact Assessments should be drafted for any piece of legislation affecting SMEs. We believe that such studies (cost-benefits) should be undertaken systematically for all pieces of legislation affecting SMEs, as they tend to be over proportionally affected by red tape and administrative burdens coming from legislation whose impact has not been properly assessed.

2) Stakeholders should be involved from the very early stages. For instance, the feedback of stakeholders could be very useful to pinpoint the scope and the structure of the impact assessment,

including questions if any. Interested parties should also be consulted when the First Draft of the Impact Assessment is available, so they can comment both on its structure and on its content. Such early involvement is crucial to avoid conclusions based on the wrong assumptions or on the wrong data. Impact Assessment and Stakeholder Consultation are two different processes as the first should be inherently objective while the second is inherently subjective. However, there is an interaction between both aspects that could be put to use to obtain better and more useful Impact Assessments as the end result.

3) The Commission should involve external experts in the process to ensure a rigorous, objective and neutral quantification of the costs and benefits for end users. This proposal has been already put forward by the governments of the United Kingdom, the Netherlands and Denmark in a joint publication on “smart regulation”. We believe that there is merit in this proposal and that the Commission should take it on board.

- The existing European programmes must be reoriented and restructured towards the needs of SMEs. All European programmes should be open for SMEs or SME organisations and the existing programmes should be screened on the degree of SME participation (SME effectiveness test).

Strengthening the SBA

- A “reviewed” SBA has to deal with the labour market dimension and flexicurity, which are crucial issues for the future of SMEs and their staff. The solutions and tools proposed so far in the field of labour markets (e.g. Social plans, continuous training, “upgrade of skills”, “upskilling”...) to tackle the crisis are not adapted to and not accessible for SMEs and their employees. In addition, small enterprises are suffering from a training offer not suitable to their specific needs: solutions and tools must be adapted to the needs of the SMEs.

- There is an urgent need for a better representation of the SMEs in the European Sectoral Social Dialogue.

- The rules applied to employees are designed for labour relations between the workforce and employers. They should not be imposed on self-employed workers, whose private and work lives are by definition intertwined. Applying the same legislation across the board limits freedom of enterprise.

- In the SBA, innovation is still considered only as high tech innovation. This must be changed as in reality innovation in SMEs mainly happens at low and mid tech level, is often informal and is rarely based on pure R&D. Therefore all types of innovation in the broad sense should be supported.

- Supporting measures for SMEs to go digital.

- Fight against organised international and cross border crime: there is a need to develop tools to help SMEs and a better cooperation between the responsible authorities in the Member States.

- Environmental policy. When revising the SBA the EU Commission should, among others:

- Take advantage of the upcoming revision of the Environmental Compliance Assistance Programme for SMEs (ECAP) to make it more incisive, to raise its profile at EU and Member State level (therefore ensuring a better sense of ownership at national level) and involving much more the existing European and national networks in the process without limiting all the funding to the EEN;

- Adapt the existing EU programmes fostering the uptake of sustainable development in SMEs after consulting the most representative SME organizations at EU level focusing on reducing red tape to a minimum and on streamlining the participation process;

- Coordinating information campaigns at national level addressed to SMEs on these issues and investing in training of SME owners, their employees as well as in the setting up and strengthening of Environment and energy centres at regional and local level in order to give a reference point for SMEs to turn to. This should become one of the priorities of the structural funds;
- Improve access to finance for projects aimed at reducing the environmental impact as well as a more rational use of energy in SMEs by: 1) strengthening the traditional source and instruments of financing for SMEs, namely local banks, by insisting that banks employees are trained to understand projects in the area of sustainable development, and 2) fostering alternative source of financing, such as loan guarantees and different forms of risk financing.
- European culture of SME finance: the promotion of equity finance and debt finance have to be correlated in a well-balanced way, such as, for instance, the promotion of loans, of interest rates subsidies, of loan guarantees, and of risk capital.

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