



UNION EUROPEENNE DE L'ARTISANAT ET DES PETITES ET MOYENNES ENTREPRISES
EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE
EUROPEAN ASSOCIATION OF CRAFT, SMALL AND MEDIUM-SIZED ENTERPRISES
UNIONE EUROPEA DELL'ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

Public Hearing on the “Small Business Act for Europe”
Wednesday 6th February 2008
Centre Borschette, h 14

Speech of Secretary General Andrea Benassi (check against delivery)

Dear Vice President,
Madame Le Bail,
Colleagues,
Ladies and gentlemen,

First of all, today I would like to thank the Commission for having activated such a dialogue and given us the opportunity to exchange opinions on the Small Business Act. It is an important step in the continuous engagement of this Commission towards SMEs, after all its efforts in the field of the reduction of administrative burdens for SMEs.

I also think that, at the end of this important process that took so many years, now the Commission has the unique chance to deliver something concrete and really impressive for the future of the majority of the enterprises, the SMEs.

For this reason I'm here today to confirm, on behalf of our associated enterprises, coming from all over Europe, that the expectations from the SME world are very high and the Commission is expected to directly respond to the needs of our organizations and SMEs. I do think that the world of SMEs will assess this Commission depending on this Act, in its form and in its content.

These high expectations are also due to the name that has been chosen, the Small Business Act, directly recalling an American initiative, very effective for US SMEs.

So please, before deepening the various aspects of the European proposal allow me a short consideration:

When we refer to a Small Business Act, we are considering three simple words recalling an US Act of 1953. Well, in the US Small has a different meaning, Business has a different meaning; Act has a different meaning so we must be very careful in making comparisons with a very different initiative. The US law establishes principles, criteria and, above all, a Small Business Administration whose Office of Advocacy prepares

every year a Report to the President. This report, until last year, was called Report OF the President. So I don't spend other words to outline the differences.

In our opinion the only aspect that we should take strongly as an example from the US experience is its legally binding value of the Act.

It is an opportunity that cannot be missed. If not, the Commission risks replicating a new version of the European Charter of Small Business, accompanied with a reviewed Multi Annual Program that had turned both into positive experiences with the only limit of lacking of a legal value.

UEAPME has published its expectations on the SBA, after an extensive consultation of all its member organizations. This paper contains a list of proposals for concrete actions and I'm bound and proud to say that this is a position that is not made in Brussels but it's been built together with our 84 national and sectorial members having to deal on a daily basis with 12 million SMEs and their problems.

So our members are waiting for an Action, an Act concerning their future. They expect the core of the SBA to be a legally binding instrument, they cannot agree with less. They expect this new instrument to serve as a legal basis for further legislative proposals.

It happens so often that members of Parliament, wishing to bring forward pilot projects or other actions as a follow up of the European Charter are forced to give it in due to the absence of such a basis.

So allow me to illustrate some of the objectives, criteria, principles and actions that in our opinion should be the content of the SBA.

In one sentence, according to UEAPME and its members the objective of the SBA should be the creation of the best possible environment for micro, small and medium sized enterprises

To reach this objective the SBA package should then respect the following criteria:

FIRST of ALL It must lead to mainstreaming SMEs in all relevant EC policies (horizontal and sectoral) and to a "holistic" approach in which all policy aspects and consequences of new rules for SMEs are properly taken into consideration, irrespective of the Institution responsible for the legislative procedure. Consequently, it must develop specific concrete policies towards SMEs.

SECONDLY The SBA should be addressed to all SMEs and only to SMEs strictly corresponding to the EU definition, considering their diversity, their specificities and the needs of the different categories - crafts, micro, small, independent workers, family enterprises, liberal professions, medium sized enterprises.

FINALLY The SBA should not only target the European Institutions but also Member States and regions. As such it should also be a tool for Member States and regions to enhance their performance in the field of SME policy at national, regional and local level. We know how difficult it is and for this reason we appreciate so much the efforts of this Commission. And UEAPME offers all its support to convince member states, through our national members, about the importance of adopting these principles at their level.

But to grant the broad application of these criteria the SBA should assign juridical value to some basic principles and provisions that I will try to list shortly:

- Implementation of a real “think small first approach, means that measures and legislation should be conceived from the point of view of small enterprises. And that all measures to simplify existing legislation and adm procedures should also use the same approach; SMEs are the rule, we don’t want to be treated as the exception.

It is quite evident that in those cases where to be exempted is not turning into a damage for the smaller enterprises UEAPME could agree with the specific measure but as a general rule, please let’s start considering SMEs as the rule and build initiatives and actions upon their main characteristics and exigencies and not over the ones of larger industries;

- Introduction of the “only once” principle. This is a basic principle to be adopted: meaning that Enterprises should not be obliged to provide all over again information that the authorities have already received by another route, and at all levels (European, national, regional and local level).

Even in this case we don’t want to be exempted; we just want to accomplish the necessary administrative procedures, but only once.

- The proportionality principle should be applied as a basic rule whenever SME policy is concerned and particularly in the framework of environmental policy. This principle means that SMEs should be treated differently according to the level of dangerousness of their impacts.
- A systematic and independent impact assessment for SMEs, taking into account the different categories, for every new legislative proposal and including amendments made by the Council or the European Parliament
- A systematic consultation of the representative business organizations in all policy fields and legislation activities, also to grant the SMEs with the safeguard principle when the initiative in question is definitely against the SMEs.
- Finally, the appointment of an SME Envoy in DG ENTER has significantly increased the commitment of the Commission towards SMEs. To increase and improve its functioning, SME correspondents should be appointed in all the

different DGs (a sort of “office of advocacy” which should report and inform the SME-Envoy in DG Enter).

A second part of the SBA should be concentrating on the initiatives that can be divided into the existing ones and some new initiatives to be launched.

The existing European programs must be reoriented and restructured towards the needs of SMEs. All European programs should in principle be open for SMEs and the different initiatives need to be made more accessible.

I just wish to quote a bad example on existing actions also in order to demonstrate how it could be easy to solve the problem:

I'm referring to the Eurostars, a very important programme in the field of R&D, specifically conceived for SMEs but that, unfortunately, is only open for those SMEs with R&D expenses of minimal 10% of turnover. This means it is not suitable for SMEs at large. But this also means to exclude the smaller ones that do not have items for innovation in their budget simply because the innovation is in the daily activity of the entrepreneur. So this percentage should be reduced at least to 5% to open it for all high-tech SMEs but we should also find a new method for calculating not accountable innovation.

And I could go further with CIP, FP7, State aids (DG Competition has recently announced that only 12% of State aid support SMEs, whilst in our opinion at least 25% of them should be dedicated to them).

As for new Actions, just some other examples:

Access to finance

The private financial sector became more risk sensitive and is less and less able to provide smaller enterprises with finance for “riskier projects”, such as start-ups, innovation, internationalization and business transfer. The 5th Round Table between banks and SMEs has shown that the private market is not able to provide risk capital below 5 Million Euro and loans for risks above normal risks, which creates problems especially for small enterprises.

The current CIP must then be integrated with new actions closer to new market needs for SME finance. The CIP should be used to pilot new instruments like guarantees for financing business transfer and innovation or new facilities for micro-credits.

SMEs international dimension

Small enterprises need a level playing field as regards international trade. In such situation of emergency it should be possible to adopt temporary “protective” measures, and I underline protective not protectionist, but simply based upon reciprocity.

The existing trade defense instruments such as anti-subsidy and anti-dumping need to be better adapted to SMEs. It is very difficult for SMEs to complain because of the amount of information required to prove the damage suffered and the high costs involved.

As for Measures to reduce the administrative burden for SMEs and better regulation
In this field, where the Commission has already started operating effectively, UEAPME expects from the SBA some concrete initiative able to really influence the daily life of small entrepreneurs.

Standardization and certification systems must be adapted to the needs and means of small enterprises

Due to the support provided by DG Enterprise via the CIP programme, the participation of SME (NORMAPME) in the European Standardization Process improved remarkably. Nevertheless, there are still shortcomings as regards the recognition of the needs and possibilities of small enterprises, which should be solved by a clear commitment of all European Institutions in the framework of the SBA. And this could also be achieved by a balanced representation of SME representative organizations in European and international standardization technical committees. Their right to vote in these technical committees should be guaranteed by European Legislation on the standardization system.

And I could go on with

- Taxation
- IPR (the necessity to conclude the long lasting deadlock on a Community Patent),
- Innovation,
- Environment,
- Mobility (the SMEs have dramatic problems in recruiting qualified workforce, so the setting up of an Erasmus-style programme for apprentices and young people, the inclusion of entrepreneurship in general education schools would be welcome),
- The access to public procurement market,
- Flexicurity and fight to undeclared work,

But I want to conclude coming back again to the core of the SBA that we have in mind, so:

If the Commission wants to be sustainable in its commitment towards the SME Community, the core of SBA has to be a legally binding instrument, containing the objectives, criteria, principles, provisions and Actions allowing SMEs to work in the best possible environment.