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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

**UEAPME position on the Communication from the Commission on
“Global Europe – Competing in the world”
“A contribution to the EUs Growth and Job Strategy”
COM (2006) 567**

Missing SME focus

The communication on “Global Europe: Competing in the World” released by the European Commission in October is a pertinent analysis of the many challenges that the EU faces at macro level, according to UEAPME, the European SME employers’ organisation. However, both the study and the subsequent action points fail to mention, let alone address, the impact on European small and medium-sized businesses, especially as far as non internationally active SMEs are concerned.

The Commission document is a very good attempt at streamlining external trade policy to stimulate ‘growth and jobs’ in Europe. This exercise would definitely benefit from a greater attention to Europe’s SMEs and to the impact of external trade on them.

Less than 10% of SMEs in Europe are active internationally, mostly in the EU internal market only. The effects of international trade are more often a challenge than an opportunity for small businesses, for instance when multinational retail chains enter a national market or when European crafts face unfair competition from third countries.

International competitiveness does not start at the border but already “at home”, as it concerns the whole value-added chain. Therefore, it does not only concern the international competitiveness of global players but the performance of all companies involved in the division of labour, especially small and medium-sized businesses and we do have to add some more **questions**:

- How can the achievement and adjustment potential of those SMEs at home be strengthened on which the intensification of international trade does have a negative impact (reinforced import competition), without being able to act as an export competitor on the world market at the same time?
- How and with which instruments (national and/or European) one can assist SMEs in entering foreign (world) markets?
- How can we improve the SME access to public procurement markets outside of Europe?
- In this respect, how can we particularly open up and develop bordering regions to the EU as potential procurement and outlet markets?

UEAPME regrets the absence of any reference to the particular situation in the new member states and in the candidate countries and especially the effects of globalisation on the domestic small and medium-sized enterprises. These countries also feel already the effects of delocalisation.

Internal and external priorities

Referring to the “**internal priorities**” set by the Commission in the communication and as was mentioned before, the private sector in general and small businesses in particular are completely absent from the proposed action points. While the broad objectives are to be welcomed, it is not clear so far how the Commission intends to carry out its proposals in practice.

As far as the “**external priorities**” are concerned, UEAPME would have welcomed more attention in the document for the “new EU neighbourhood policy”. Commercial relations with bordering countries such as Mediterranean States are of the utmost importance for European SMEs. Their geographical proximity makes them more attractive and easier to reach as a partner for EU small businesses. These countries are also the EU's main partners to tackle immigration and poverty.

Transformation of the economic environment

The following changes are particularly decisive and should be better taken into consideration by the Commission:

- “new emerging markets” but also “new emerging competitors” like China, India or Brazil, who produce under completely different competition conditions (no “level playing field”, distortion of competition),
- threat to the European competitiveness in innovative sectors such as high-technology,
- lacking concepts of partnership with economic regions of increasing importance like Asia,
- within the EU, commercial interests are diversifying.

WTO negotiations

After the suspension of the DDA on July 24th, UEAPME does not yet want to speak of a failure of the negotiations. Regarding the economical importance of a continual improvement of market access, UEAPME thinks that the negotiations should be restored as soon as possible. We agree with the Commission that this should be a priority.

Opening of the EU market + Removal of still existing trade barriers

In the area of industrial and commercial goods as well as services, the internal market of the EU is one of the most open and most transparent markets of the world. That is why it is obvious and comprehensible that the bargaining position of the EU vis-à-vis of its trading partners must be an offensive one, so as to create comparable market access conditions for European firms on foreign markets. However, there are sensible sectors in Europe which are in danger even after accomplished restructuring, especially due to external causes. They notably suffer from different competition conditions (different norms and standards, non-respect of intellectual property

rights, illegal subsidies, etc.). In such emergency situations it should be possible to take temporary “protective” measures.

Trade policy instruments

Besides the mentioned preventive measures for emergency situation, UEAPME also sees as need for discussion and adaptation in the field of anti-dumping. UEAPME calls for an improvement of the procedure preceding the adoption of an anti-dumping measure.

Improvement of *de facto* market access

Taking account of the change of the economic environment, UEAPME wants to stress the growing importance of a *de facto* improvement of access to markets of important and interesting trading partners in the area of goods, services and direct investment.

Regarding the stand still of WTO-negotiations, the EU has to adapt its existing principles of commercial policy and intensify its bilateral and regional contacts to economically important regions such as Asia.

Non-tariff barriers

Non-tariff barriers are becoming more important economically than tariff barriers in many areas. In the present communication a global, effective and consistent strategy to remove non-tariff barriers is lacking.

Protection of intellectual property rights

The violation of intellectual property rights causes huge economic damage. The proposals of the Commission are not very far-reaching and will unfortunately not be able to change the present situation. The EU should intensify the exchange of information as well as technical and political cooperation with problematic countries in this respect (China, India, Vietnam etc.). From the side of SMEs there is a very high need for information, which has to be very concrete. As most SMEs that are active abroad do not have a representative there, it is indispensable that SMEs have access to the necessary information concerning foreign IPR protection in their home countries. However the main problems which SMEs face in gaining patents are the high costs of patent granting and litigation. Therefore, reduced fees should be introduced for SMEs and we urge the Commission to introduce urgently a patent litigation insurance system for SMEs.

Some EU member states customs services are also lacking behind in the fight against counterfeiting.¹ Public Private Partnerships in this field have proven their utility in some member states.

¹ See: Community wide statistics 2005.

http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm

The way forward.

UEAPME hopes that the forthcoming EC actions will focus on capacity building for SMEs, access to innovation, support to internationalisation and a better uptake and awareness raising on IPR-related issues. Concrete and workable policy proposals are needed to ensure that the benefits of a renewed external trade agenda are passed on to European SMEs.

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