



ANDREA BENASSI SPEAKING NOTES, JULY 18th – INFORMAL COMPETITIVENESS COUNCIL

General considerations on the SBA text

We are honoured to have the opportunity to present our opinion on the EU enterprise policy and, in particular, on the upcoming Small Business Act. The following position comes directly from SMEs, since UEAPME is the sole employers' organisation and recognised **European Social Partner** representing exclusively SMEs.

The European Commission has created on 25 June a unique opportunity to adapt all policies in Europe more and better to SMEs, when presenting the Small Business Act. UEAPME is here today to call on the Council and the EU institutions to ensure the right follow-up.

Current data on SMEs in Europe reconfirm to the EU and Member States the necessity to dedicate full attention to SMEs when undertaking new actions and legislation and modifying existing ones. The productivity level within SMEs is 50% in comparison with larger enterprises. This basic figure must be read positively by considering that high labour intensity also means job creation. With increased support and full respect from authorities, SMEs could further create more and better jobs and grow both quantitatively and qualitatively.

We are here today to report our main concerns both on the principles and actions proposed by the Commission with the Small Business Act. Nonetheless our main aim is to recall the importance of fully anchoring and applying the Think Small First principle, meaning that measures and legislation should be conceived – from the start – according to the reality of small enterprises.

What is HIGHLY POSITIVE

+ The Commission is abandoning the logic of derogations by introducing the **Think Small First (TSF)** principle which, if fully applied, would eliminate the need for derogations. This principle is what SMEs are asking for in order to be free to work in a better environment, with better regulation, less bureaucracy, effective public support and full respect for their role.

+ Now it's up to the Council and Parliament to translate this into a binding instrument at European level – and it's up to Member States to do the same at national level. This would be the best response to the request for action in the Lisbon Strategy. UEAPME has already launched its own **Think Small Test** that will monitor the specific attention of EU Institutions and Member States to the TSF. The indicator will include a rating for Member States and the EU institutions, which we will issue every year before the Spring Summit.

+ The EC text rightly refers to **all types of SMEs**, including micro-enterprises, crafts, and **women entrepreneurs**. This is not the case in the Council discussion paper, unfortunately.

+ The special attention to **entrepreneurship**, from school to universities is highly appreciated and the mention of the necessity of a program for the **mobility of apprentices** is one of the most positive actions already foreseen.

+ Finally, UEAPME has welcomed the legislative acts presented by the Commission as follow-up to the SBA, such as the **GBER** decision, the proposal for a directive on **reduced VAT rates** and the code of good practices on **public procurement**. It is now up to Member States to follow suit on these important dossiers.

What is MISSING

– On the principles: Even if the Commission made its best to promote a strong political engagement in the SBA, more can be done to commit the European institutions and Member States to full apply the TSF principle, which is still seen as an objective to pursue and not as a founding principle to apply. Furthermore, clear commitments on important aspects of the TSF are missing, for instance on the “only once” principle, SME impact assessments and the participation of SMEs in consultative bodies.

– On the content: We strongly regret that there is not a word in the SBA on the **labour market dimension** and on **flexicurity**, which are crucial issues for the future of SME owners and their staff.

– Also, not a single word is in the SBA on the importance of **ECAP**, which SMEs need to adapt to the environmental constraints and to invest in sustainable development as a future market.

– The concept of **growth** as deepened in the Council document is inappropriate whereas growth is only considered as an increase in the number of employees. It seems that only former SMEs are good enterprises! Do SMEs, especially micro- and one-person enterprises which provide regional stability but not necessarily grow quantitatively, not count for politicians? What about qualitative growth?

– **Innovation** is still considered only as hi-tech innovation, while in reality innovation in SMEs mainly happens at low and mid tech level, is often informal and is rarely based on pure R&D.

– Finally, the SBA does not provide any **additional funding source** or **legal basis** for implementing the various measures and actions. At the very least, a better allocation of the existing means in the CIP, in FP7 and in the structural funds should be considered.

The UEAPME proposals

UEAPME asks the **Council** to launch at least an **Inter-Institutional Agreement (IIA)** to fully apply the main principles of the SBA, in particular the **Think Small First**, making it fully applicable and legally binding in Europe. This will show to Member States how to anchor the TSF principle in their policies, in full respect of subsidiarity and proportionality.

UEAPME asks **Member States** to foster and ease the conclusion of the abovementioned IIA and **commit themselves** as much as possible at national and local level.

UEAPME asks the **Council, Member States and the Commission** to commit themselves for a **better allocation of financial resources** for SMEs and to grant SMEs a **better access to support programmes** by adapting the objectives and targets to the reality of SMEs.