



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE

European Private Company statute: devil is in the detail, say SMEs

Brussels, 23 November 2007. The much-touted European Private Company statute will only be helpful if it is designed as a fully flexible, simple tool adapted to the needs of SMEs, according to UEAPME, the European craft and SME employers' association. The Legal Affairs Committee of UEAPME met in Brussels today (Friday) and adopted a comprehensive position paper on the EPC, responding to a set of very detailed questions put forward by the European Commission (1). UEAPME experts warned that setup costs, bureaucracy and the level of capital should all be kept to a minimum to make the EPC attractive for SMEs. Moreover, the EPC statute should be reserved exclusively to businesses fulfilling the EU definition of small and medium-sized enterprise, and references to national law should be avoided as much as possible to create a truly EU-wide tool.

“The European Commission pressed to move ahead with the creation of the European Private Company even before the public consultation period was over”, said **Peter Vesterdorf**, Head of European Affairs at UEAPME's Danish member Håndværksrådet and Chairman of the Legal Affairs Committee. *“We do agree that the EPC can indeed become a valuable tool to strengthen the EU internal market and contribute to the goal of reducing administrative burdens, but our support is less enthusiastic and does not come without conditions.”*

The main question asked by the EC was whether there is a need for an EPC at all. UEAPME would be in favour of the EPC if the statute meets the needs of SMEs and respects the reality in which they operate, explained Mr Vesterdorf. First of all, the EPC should bring about a serious reduction in the costs associated with cross-border activities. It is indeed true that the existing company forms in each Member State are not necessarily compatible. Therefore, small entrepreneurs are confronted with administrative and legal barriers. Gathering information on the legal and administrative elements to respect is frequently a lengthy and costly procedure, all the more so for a small business. The EPC could be a solution in this respect if it entails a unique company legal form, valid and recognised in all EU Member States and based as much as possible on EU law. As a consequence, some of the costs currently faced by SMEs having a branch or developing a commercial activity in another Member State would disappear. This would result in less regulatory and administrative burdens.

Secondly, the EPC should be properly ring-fenced to avoid misuse. This means limiting its availability only to enterprises having a European business focus and at least one shareholder of EU nationality, which would avoid the EPC being used by companies operating solely outside of the EU territory. Moreover, the EPC status must not be used by large corporations or their subsidiaries. This would generate unfair competition and, above all, would require the insertion of requirements that are not necessary for “real” SME. Consequently, the EPC would become more demanding, less flexible and not likely to be endorsed by small businesses.

UEAPME also put forward a series of comments on other specific aspects of the EPC such as its structure and core elements (definition, formation and transformation, liability etc.). Finally, it called on the European Commission to seek the advice of SME representative organisations in the run-up to its legislative proposal, which is expected by mid 2008. *“We believe that a company statute for SMEs cannot be designed without SMEs, and we look forward to discussing the EPC in detail with the European Commission in the coming months”,* concluded Mr Vesterdorf.

***** END *****

(1) http://www.ueapme.com/docs/pos_papers/2007/0711_pp_EPC.pdf

EDITORS' NOTES: UEAPME is the employers' organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 84 member organisations, which represent crafts and SMEs across Europe, covering over 12 million enterprises with 50 million employees. UEAPME is a European Social Partner.

Further information: Maria Cimaglia, Legal Affairs Adviser, Tel. +32 2 230 7599

Francesco Longu, Press and Communications Officer

Email: pressoffice@ueapme.com - Web: www.ueapme.com/pressroom/