



"The voice of crafts and SMEs in Europe"

Small Business Act: Member States must step up to the plate, say SMEs

UEAPME Secretary General moots Inter-Institutional Agreement on SBA at Informal Competitiveness Council

Brussels, 18 July 2008 – The main principles of the recently launched "Small Business Act" and in particular the "Think Small First" principle underpinning the text must now be made fully applicable and legally binding, according to UEAPME, the European craft and SME employers' organisation. Speaking today at the informal Competitiveness Council in Jouy-en-Josas (France), Secretary General Andrea Benassi urged Member States to commit themselves and suggested an Inter-Institutional Agreement between the Council, the Parliament and the Commission to firmly anchor the "Think Small First" principle in policymaking at European, national and local level. UEAPME put forward today a short assessment on the SBA state of play so far, including positive and negative points in the current text, which Mr Benassi illustrated to all Ministers attending the Council meeting (1).

"Despite some shortcomings in the text, the European Commission has created a unique opportunity to adapt all policies in Europe more and better to SMEs when presenting the Small Business Act. It is now up to the Council and all the EU institutions to ensure the right follow-up, starting from today", Mr Benassi told Ministers. *"With proper support from the authorities, crafts and small businesses will be able to create even more and better jobs. This is a chance that Europe cannot miss to maintain its competitiveness in the long run",* stressed Mr Benassi, who thanked the French Presidency of the EU for inviting UEAPME, the sole employers' organisation and recognised European Social Partner speaking exclusively on behalf of SMEs, and then went on to elaborate on the main points raised in the UEAPME paper released today.

On the **positive** side, said Mr Benassi, the EC abandoned in the Small Business Act a twisted logic made of rules for large businesses and exceptions for smaller enterprises in favour of the "Think Small First" principle that, if fully applied at all levels, would quickly rule out the need for derogations. *"Rules conceived from the point of view of the vast majority of Europe's enterprises must become commonplace",* stressed Mr Benassi. *"This is all we need to be free to work in a better environment, with better regulation, less bureaucracy, effective public support and full respect for our role in society."* UEAPME also welcomed various legislative acts presented by the EC as follow-up to the SBA, such as the General Block Exemption Regulation on State aid, 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, Mr Benassi told Ministers.

On the **negative** side, Mr Benassi regretted that no mention is made in the SBA of the labour market dimension and of flexicurity, which are crucial issues for the future of SME owners and their staff. Moreover, the concept of "growth" used throughout the Council's notes on the SBA is purely quantitative and not in line with the reality of SMEs. Growth is merely considered as an increase in the number of employees, while qualitative growth is totally ignored. Micro- and one-person enterprises, for instance, provide regional stability and have therefore a crucial function even if they do not necessarily hire new staff, said Mr Benassi. Finally, the SBA does not provide any additional funding source or legal basis for implementing the various measures and actions foreseen. At the very least, a better allocation of the existing means in the CIP, in FP7 and in the structural funds should be considered, with a stronger focus on SMEs, stressed Mr Benassi. UEAPME therefore asked the Council, Member States and the Commission to engage themselves for a better allocation of financial resources and a better access to support programmes for SMEs.

"The Council must launch an Inter-Institutional Agreement with the Parliament and the Commission to apply the main principles of the SBA, in particular the Think Small First, making it fully applicable and legally binding in Europe. This will allow Member States to anchor this principle in their policies, in full respect of subsidiarity and proportionality. Our trust in the European Union largely depends on its capacity to deliver on the Small Business Act", concluded Mr Benassi.

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(1) http://www.ueapme.com/docs/pos_papers/2008/080718_AB_Versailles.pdf (AVAILABLE AS OF 15:00 BRUSSELS TIME)

EDITORS' NOTES: UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 87 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information: <http://www.ueapme.com/>

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