

**DATE:** 02/12/2009  
**SUBJECT:** Conference looking back at one year of Small Business Act  
Organised by UEAPME, BUSINESSEUROPE, and EUROCHAMBRES in  
conjunction with the EESC.

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## **SMALL BUSINESS ACT: HAPPY BIRTHDAY?**

### Opening remarks

#### **Henri Malosse (President Employers' Group of EESC)**

#### **Pierre Simon (President EUROCHAMBRES)**

- Much has been done on all 10 chapters (by EU). Worrying signal that Barroso does not mention SBA or think small first in his 40 p. doc.
- SBA did not get what it needed from MS. Did not dedicate a separate chapter in implementation report. Not even mentioned in some ntl reports. Signals lack of political will or of recognition of the SBA.
- Actions in some fields are implemented in many MS, however chambers feedback indicate that other fields have been disappointing (IA, Late Payments).
- 3 DEC: Verheugen preview of SBA implementation report.
- Ministers will discuss compromise text on European Private Company Statute.
- SBA 2 fold: reaction against crisis, bringing EU to higher level in world market. Political: SMEs recognized for what they are.

#### **Georg Toifl (President UEAPME)**

- UEAPME has been active in development of the SBA. SMEs recognized as backbone of EU economy. Europe of SMEs.
- SMEs proved to be 'real economy' elements.
- We must create regulations that favor SMEs and avoid (corporate) lobbying that hurts SMEs.
- How has the SBA been felt on the ground? Not really: National governments goldplate regulation, voiding their burden reducing value.
- Banks are saved but money does not reach SMEs! Banks seem to be back on track but SMEs are still struggling to get financing.
- EU efforts towards 99% of companies is not yet to be felt on national level.
- Politicians/servants would rather keep legislating than to lose work through simplification.
- UEAPME hopes that renewal of financial markets will be felt in SME world.
- SMEs have created 10 times more jobs than large industry. Hope for improvement in one year from now.

#### **Therese de Liedekerke (Managing Director, BUSINESSEUROPE)**

- Birthday is no reason to believe that the mission is accomplished. All efforts must be geared towards effective implementation.
- Vigilance at EU level to make sure MS do not slow down.
- Full implementation of TSF principle by *all* players and governments for simplification measures to come through.
- SMEs must be at centre of policy attention. SBA is key priority.
- Concrete:
  1. Rapid adoption of two proposals still pending: Private Company Statute, late payments. Hope for decision by comp. council
  2. Implementation of SBA (regular reporting) as integral part for 2020 action plan.
  3. Access to finance crucial: 2010, SMEs pick up, they need finance.
- Promotion of innovation: requires cost-effective IPR regime (competitiveness council).
- Internationalization of SMEs: SMEs must get support for access to foreign markets. Also within the Single Market support is needed. (Single Market program Mario Monti)

**Round table of entrepreneurs and European decision makers: 'Better Regulation'**  
**Benassi, Abruzzini, Herczog, Le Bail, Malosse**

**Benassi (Secretary General UEAPME)**

- SBA beyond 10 guidelines should establish principle to enhance "charter" for small businesses.
- The outset of SBA states that SMEs need to be encouraged at all levels in which they are active. 92 measures aim at making that a reality. The SBA should lead to better regulation at the level where decisions are taken. How can this be achieved? Along the Commission UEAPME identified 2 basic principles (not yet on one line with Commission and Council)
- Consultation as a process is not a gratuitous act. It should be an opportunity for a discussion of substance, an exchange of views.
- Lack of raw input from the Commission.
- Problems with IAs. It should be independent (will be discussed later).

**Abruzzini (Secretary General EUROCHAMBRES)**

- MS are lagging behind in *real* measures implementing the SBA.
- The Council took into account the specific economic situation in 2008. 3 Principles:
  1. Improving access to finance
  2. Regulatory environment supportive to SMEs
  3. Market access for SMEs
- After one year: disappointing result of those 3 key areas. Think Small First is just a political flag.
- Banks have been helped, nothing happens for SMEs. Governments bail out large industry but not SMEs. Think Small First needs to be real on all levels.

**Herczog (MEP, Rapporteur on SBA)**

- **SBA Rapporteur**
- Some patience is required, we have lived for 15 years without small business policy in EU.
- Small Business Intergroup: founders but SMEs in centre of recovery, single market regulation etc.
- Lead for other legislation (e.g. Innovation Act)
- Agrees that first year could be more satisfactory (large business did get more aid),
- Mirco credit is only 25 million: 1e per SME. However, the direction is good.
- Lisbon Treaty offers chance to work more closely with national parliaments and a chance to put SMEs to the forefront.
- Digital illiteracy must be combated if simplification through IT is to have effect.
- Skills must be improved, entrepreneurship must be boosted, low carbon and IT implemented.

**Le Bail (SME Envoy European Commission)**

- Great deal has been achieved.
- Facts and figures: *Think Small First* only political? No proposal is drafted without SME scrutiny (econ. Impact) which is a tangible achievement thanks to the SBA. There are other stakeholders (MS, EP, etc): 4 MS have implemented these guidelines in their own legislation. It is not a lot but it is a positive signal.
- Never has there been more SME attention in legislation.
- The EIB and EIF have allocated 30 Bln for SMEs (20Bln for 2009- 2011) which is significant.
- Commission wants financial intermediaries who have good relations with SMEs to be channels for these large sums.
- The Commission simplified state aid after crisis hit. Allocation without compulsory notification to Commission.
- Admin burden: Commission wants to decrease 25% by 2012. Commission will pursue its efforts, the Commissioner himself has wanted to be the point-person on this file, indicating its importance. Major beneficiaries are SMEs.
- SBA is becoming more and more embedded in everyday life.
- The SBA has raised awareness of what can be done for SMEs and how important they are.
- Future: presidency guidelines accord tremendous importance to SMEs. A goal to be reached by the new Commission.

**The experience of entrepreneurs:**

**Madi Sharma (moderator) and Henri Malosse, panel**

- **Has the SBA filtered down to entrepreneurs?**

- **Vonck (entrepreneur)**, never heard of the SBA. Working very hard to get out of crisis and it is different to get access to solutions as offered by SBA.
- Now member of chamber, access has improved.
- SOLVIT network was not known but will now be used in future.
- **Guerrini**, impact has been almost non perceivable.
- More flexible access to finance is needed.
- The Italian government produced a draft legislation geared towards SMEs (signed by Berlusconi), which was a first! This is a very positive achievement for Italy and EU as a whole.
- Timeline is too short for SMEs to make a proper assessment yet.
- **Has the SBA changed the culture in political arena or business environment?**
- **Vonck**, governments are now making an effort in supporting SMEs in their export efforts.
- **Cappellini**, the effect of the SBA: monitoring of innovation (FP7), how Europeans have been affected.
- **Malosse**: SBA gives a framework.

#### **Q&A**

##### **Q: Maltese chamber of SMEs:**

- Market has improved for SMEs but not thanks to Commission. More because of the digital revolution.
- Removal of burdens has been unsuccessful. Total number of SMEs helped by SBA is small. Unless burdens are really decreased in a tangible manner, the SBA is not successful

##### **A: Malosse**

- Many things need to be done on national level, EU cannot do everything.
- Top priority should be given to the Single Market. It should become a local market. We are still dealing with too many national rules.

##### **Ulrich Schroeder (Dutch SME association)**

- Money is not properly allocated. Only one in ten projects can be financed.
- Would it not be a good idea to use unspent SME budget in the 7<sup>th</sup> and 8<sup>th</sup> programme for real SME needs?

##### **EESC person for trade unions**

- SBA is a strategic piece of legislation. EU has been focused on Internal Market, neglecting SMEs. Not concerned with SME access.
- Argues towards strengthening the SBA.

##### **Guerrini (President of Confartigianato, entrepreneur) presentation on access to finance**

- Italy is pushing forward the SBA
- However, in terms of financing there are still problems. Especially when this needs to be done through public accounts.
- Finance is the blood of a company. Necessary to pay salaries (in crisis times).
- Monies have been made available (through EU), which is the reason that SMEs are not worse off than they are now.
- There is a need of building a better relationship of trust between banks and SMEs.
- Banking and financial institutions need to understand that it is up to them to do what is necessary to rebuild trust and regain credibility.
- Basel II should be the instrument that serves as a basis for this. UEAPME has prepared a draft looking at these issues (2010-2014).
- There must be better relationships between business organizations and EIB, EIF.
- So: basic principles are good but more needs to be done. Processes are long and burdensome to the business community.
- We need to take a look at financial instruments. EIF techniques are often erroneous. For these reasons, this must be reexamined and decisions need to be taken.
- The EIB: 30 Bln made available for SMEs but the EIB is not a friendly counterpart to the world of SMEs. Traditionally reluctant to make adequate funding available and admin burden is high.
- All players have to shoulder their part of the burden to overcome the crisis.
- Contractual arrangements must be respected and a renewed look at business ethics is necessary.
- Money has been allocated but it can take years to actually receive this money.
- The SBA must be fully implemented and there must be a real impact on national level and on the level of enterprises. SMEs are overly burdened.
- New Commissioner Tajani comes from a country where SMEs are robust, there will be a renewed interest and understanding of how legislation can remove obstacles for SMEs.

**Cveto Stantic**

- Late payments combined with lack of access to finance will lead to bankruptcy.
- Slovenian chamber: 70% of SMEs have liquidity problems. 60% forced to extend payment terms to 120 days. Legal procedures take up to 2 years.
- Slovenia not SME friendly: admin burden.
- Late Payment Directive: committee will give an opinion, as requested by Council
- Legal framework alone is not enough.
- EESC in this opinion put forward suggestions for improvement,
  1. 30 days should be mandatory payment term maximum,
  2. should also apply to sub-contractors.
  3. Multi language websites
  4. Transposition of Directive to national law without delays

**Closing remarks****Mario Sepi, President of EESC**

- What can be concluded is that some problems still persist complicating the life of SMEs, such as access to loans and markets.
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**Gianni Pittella, Vice-President, European Parliament**

- Two major events should be noted today in conjunction: the first SBA anniversary and the entry into force of the Lisbon Treaty, both of which give hope. The SBA and the Lisbon Treaty are not enough to solve all the difficulties, and serious problems do remain:
  1. It is crucial to push the SBA forward and make sure it is equally embraced at EU and national levels.
  2. Poor access to loans and finance remains an obstacle to SME development. In this respect, BASEL II should be revisited, with rigorous targets and rules set up in order to protect SMEs from failure.
  3. The European Internal Market project is not complete. Whilst 130 billion Euros are attributed to SME needs within the 7<sup>th</sup> Framework Programme, only 50 billion actually reach European small businesses. This problem needs to be solved, whereas standardised rules in general are needed to complete the Internal Market project.

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PG 03/12/2009