UEAPME

Top priorities of Crafts and SMEs for the incoming Polish Presidency

An economic recovery for all

and

The Small Business Act must reach all SMEs

UEAPME Administrative Council

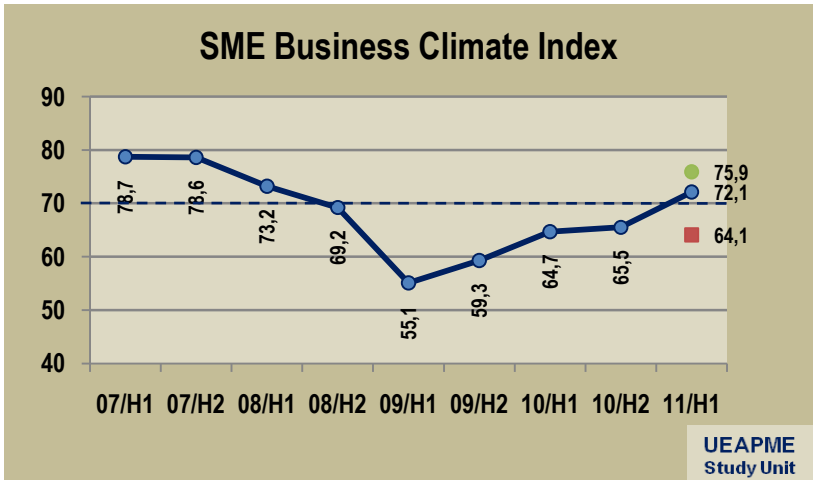
20 May 2011, Warsaw

GENERAL REMARKS

The incoming Polish Presidency will be a crucial period for the further development of the European Union and especially for Europe's economy. First of all, it will have to ensure that the current recovery becomes broader and sustainable. This requires a re-stabilisation of the financial markets and a solution for the current sovereign debt crises. Both will not happen without exploiting the potential for growth, employment and innovation of Europe's economy. In turn, this requires a strengthening of the Craft and SME sector. Therefore, two and a half years after the adoption of the Small Business Act and after its first revision, the Polish Presidency must increase the pressure on Member States to finally implement the promises made with the SBA.

Secondly, the Polish Presidency will be the first Presidency to deal with the upcoming Multiannual Financial Framework (MFF), to be presented by the European Commission in summer. The MFF will be crucial from two perspectives. First, the MFF will be a proof for the willingness of Member States to strengthen the European Union by ensuring the financial means needed to implement and to jointly run agreed policies. Secondly, the structure of the next MFF has to show the willingness of Europe to modernise our economy by putting a stronger focus on innovation and the dynamic of the SME sector.

Our latest "European Craft and SME Barometer"[1] shows that SME businesses' confidence levels increased for the fourth consecutive semester, but diverge considerably across the EU. The index now stands at 72.1, compared to 65.5 in the previous semester and clearing the 70 points barrier that is seen as a neutral business climate. However, the index for Portugal, Ireland, Italy, Greece and Spain combined turned out to be actually lower than the previous semester's average, standing at 64.1. The confidence increase recorded stemmed exclusively from the rest of the EU (75.9), with imbalances being clearer and deeper than ever before.



Source: UEAPME EU Craft and SME Barometer 2011/H1

The main challenge at the current stage of the recovery is to find the right balance: on one hand, further support for businesses and employees to master the needed structural changes towards a greener and more innovative economy; on the other hand, the sustainability of public households and social systems must not be put into danger. With its "European Craft and SME Policy for 2010 – 2014: Towards Growth, Prosperity and Stability"[2], UEAPME has presented a comprehensive policy strategy which includes a wide range of policy measures to ensure such a balance and to pave the way out of the current crisis.

[1] http://www.ueapme.com/spip.php?rubrique120
[2] http://www.ueapme.com/IMG/pdf/091203_UEAPME-2014_final.pdf

MAISON DE L'ECONOMIE EUROPEENNE - RUE JACQUES DE LALAING 4 - B-1040 BRUXELLES
TEL +32 (0)2 230 75 99 - FAX +32 (0)2 230 78 61 - E-MAIL info@ueapme.com

TOP PRIORITIES

The overarching objectives of ensuring an economic recovery for all and securing the full implementation of the Small Business Act depend on a number of specific actions that EU and national policy makers will have to put in place. We call on the Polish Presidency to focus on the following key issues for Crafts and SMEs.

"Think Small First"

The "Think Small First" principle can lead to a transparent and simple regulatory environment at European, national, regional and local level. In an ideal case, regulations should be designed right from the beginning in a way that also the smallest enterprises can implement them easily and efficiently. In this respect, we expect the Polish Presidency to give the right signal to its fellow Member States to change their approach once and for all. In one sentence, legislation and policies must be simple and must be conceived for all enterprises, thinking small first. Moreover, the "only once" principle should become mainstream in the functioning of public administrations and the "Think Small First" principle should also be applied to the daily problems of SMEs, for instance by tackling the scam of misleading company directories.

On a related note, the idea of exempting some enterprises from legislation comes back regularly. We firmly believe that if rules were created only if really needed, with smaller entities in mind and by applying the real "Think Small First" principle, exemptions for some companies would be out of the picture. We hope that the Polish Presidency agrees with our stance.

Adequate funds for the implementation of the Small Business Act

The impact on small businesses of the recently reviewed Small Business Act will also depend on the availability of adequate funds. In this respect, UEAPME requests the creation of a European SME-dedicated funding programme to secure the resources for the implementation of the many important actions contained in the SBA, for instance on risk capital, guarantees, standardisation, the comparison of existing best practices, statistics and research on the SBA implementation and others. Without such a programme, the SBA will remain on paper and its potential benefits will not materialise.

EU funding must be at least doubled to allow SMEs to innovate, become "greener", obtain access to finance and reach all the goals of the Small Business Act and of the EU 2020 strategy. Funding should also be secured for the future to ensure continuity and coherence. The debate on financial perspectives that will start under the Polish Presidency is vital in this respect. Policymakers must realise that by spending on SMEs now, they are investing in our economic stability for the long term.

Innovation and R&D

The debate on the upcoming "Common Strategic Framework for EU Research and Innovation Funding" is now well under way and will make further progress under the Polish Presidency. According to UEAPME, the new programme must start from market needs and ideas, integrating research and innovation and with market application as the ultimate goal.

In order to simplify SME support measures and make them more transparent, UEAPME supports an integrated SME Innovation and Research Programme rather than SME "windows" in different programmes. This would mean to concentrate all SME support measures for innovation into one programme without the need for SME specific measures in all other parts of the common framework. This group of programmes amount currently to about 10 billion Euro. Doubling the efforts as often promised would mean that such a programme should provide about 20 billion Euro. UEAPME also demands an easy and simply managed European programme for cross-border projects, with a "single entry point".

MAISON DE L'ECONOMIE EUROPEENNE - RUE JACQUES DE LALAING 4 - B-1040 BRUXELLES
TEL +32 (0)2 230 75 99 - FAX +32 (0)2 230 78 61 - E-MAIL info@ueapme.com

European contract law

A European contract law is not a priority for SMEs, which face more complex issues such as language barriers and diverse tax systems. Therefore, UEAPME is more in favour of a "toolbox". In addition, the "Common Frame of Reference" as it stands is actually a piece of draft legislation that is miles away from the daily SME reality. Balancing the needs of businesses and consumers should be one of the main goals.

Late payments

SMEs are still confronted with late payments by public authorities, other businesses and consumers. The Polish Presidency, together with the European Commission and the European Parliament, should closely monitor the implementation of this directive at all levels to make sure that it is put into practice on time. It should also ensure the commitment of the Council in the European Recovery Plan in 2009 to pay all public invoices within 30 days.

Basel III rules

Access to finance remains a key concern for European SMEs. Although credit conditions are better than they were at the peak of the downturn, new banking regulations such as Basel III, which we support as means to avoid a similar crisis in the future, risk turning the tap back off for credit to SMEs just when our enterprises are picking up again and are willing to invest once more. The discussions that will take place under the Polish Presidency will be fundamental to ensure that the possible negative effects on SME credit are minimised.

Consumer policy

The Council is likely to continue its debate with the European Parliament on the consumer rights directive under the Polish Presidency. Unfortunately, the direction this debate is taking risks damaging small companies. The text stipulates that all contracts negotiated outside the trader's shop should be subject to a 14 days withdrawal period and to onerous information requirements, even when the business contact was established by the client, which could lead to more burdens for SMEs and less choice, higher prices and longer delivery times for consumers. In March, the Parliament has adopted a number of exceptions to withdrawal rights on specific services, emergency repairs and special requested visits for repairs or maintenance. However, the Council does not seem to support these safeguards. We call on the Polish Presidency to act on Member States so they support these clauses as a minimum, and to insert a distinction between solicited and unsolicited contracts in the text as the optimum solution. Consumers' rights and interests must be protected, but the responsibility cannot be put all on SMEs.

Energy and climate policy

The SME dimension must take centre stage from the outset also in the debate on the future energy and climate policy of the EU, which will further develop in the next semester. SMEs already contribute significantly to improve energy efficiency and increase sustainability in the EU as informed users, installers, creators of new technologies, advisers on energy efficiency and micro-generators of renewable energy. However, their potential to improve the situation can be further exploited, for instance by setting up a framework at EU level to ensure a smooth transition for these companies to the innovative ways of manufacturing products and providing services required by the policies and the strategies in the area of sustainable development. In this framework, we believe that SMEs must be encouraged to act even more, for instance through new support and incentive schemes at EU level on issues such as renewable energy.

For further information on this position paper, please contact:

Gerhard Huemer, Director Economic and Fiscal Policy; at g.huemer@ueapme.com

MAISON DE L'ECONOMIE EUROPEENNE - RUE JACQUES DE LALAING 4 - B-1040 BRUXELLES
TEL +32 (0)2 230 75 99 - FAX +32 (0)2 230 78 61 - E-MAIL info@ueapme.com