

28 February 2006

****CHECK AGAINST DELIVERY****

Vice President Verheugen meeting SME stakeholders on implementation of Modern SME Policy for Growth and Jobs - 28 February 2006 (14.30 – 17.30 hours)

Intervention by Philippe de Buck, UNICE Secretary General

- UNICE supports the Commission's Modern SME Policy Communication presented on 10 November 2005:
 - it rightly highlights the importance of entrepreneurship and SMEs for the success and growth of the EU economy.
 - We particularly welcome the initiative of streamlining and providing a coherent list of actions to foster a real SME policy.
- The Communication identifies the rights actions: entrepreneurship education, access to finance, taxation, better regulation and internationalisation of SMEs and they have our support
- **BUT:** we reiterate the business community's request to work with the EU institutions as early as possible in policy initiatives to make the Partnership for Growth and Jobs a success.
- Today's conference is a step in that direction and we look forward to follow-up at a more technical level on the different issues at hand.
- The above mentioned Communication fittingly identifies Entrepreneurship and SME policy as horizontal. Indeed, almost all policy activities of the EU have an impact on SMEs
- It is therefore essential that Vice-President Verheugen and the SME Envoy ensures a coherent approach for SMEs throughout the European Commission: allow me to illustrate with some examples:

The Service Directive

- For example, in the services directive debate, while the aim should be to lessen the administrative burdens for SMEs, the outcome of discussions in the European Parliament points to an increase of such burdens due to the possibility for a multitude of authorisations:
- this incoherence should be lifted. This could be a test case for applying the "think small first approach" advocated in the "Modern SME Policy" Communication". There should be inter-service contacts between DG INTERNAL MARKET and DG ENTERPRISE to this effect

REACH

- we all remember the past debates on REACH and the difficulties for SMEs that were in the end resolved, notably regarding registration requirements in the low tonnage range (1 to 10) (now prioritised according to the risk as opposed to the original proposal based only on volume).
- One of the current questions on REACH is its implementation.

- Technical guidelines are currently being elaborated and pilot projects are being put in place to anticipate difficulties in the implementation phase:
- Learning from the past, it is important that in this new phase transparency and involvement of the whole value chain is ensured, in particular SMEs, not least as downstream users.

Internationalisation of SMEs: WTO and the NAMA debate

- SMEs, in order to grow must be able to exploit the benefits of increased trade liberalisation. They explore new markets and wish to optimise their business operations in a global environment
- But for them to be able to do that they need real access to markets. If emerging countries such as China, India, Brazil are able to maintain high tariff and non-tariff barriers: SMEs will lose out:
 - Firstly: Big companies can go to these countries → European SME could lose these important clients.
 - Secondly, if the EU does not fight for lowering these third countries tariff and non-tariff barriers, SMEs will be at a severe competitive disadvantage and lose export opportunities, thereby stifling their growth potential.

European Business and its SMEs expect Vice President Verheugen to represent them in the European Commission

- firstly vis a vis Trade Commissioner Mandelson and Agriculture Commissioner Fischer Boel,
 - secondly at the WTO itself: this is needed to ensure a coherent EU approach to WTO negotiations in general and in tariff liberalisation in particular,
 - and thirdly, by playing a bigger role in the bilateral international trade and investment negotiations with emerging countries.
- **Budget for SME policy: the Competitiveness and Innovation framework programme (the CIP)**
 - UNICE has already voiced its support for the CIP, appreciating that competitiveness is taken as the overriding theme that must inspire and drive the sub-actions on Entrepreneurship & Innovation, ICT Policy Support and Intelligent Energy-Europe.
 - The effectiveness of the CIP is closely linked to the outcome of debates on the Financial Perspectives 2007-2013 as its budget falls under the competitiveness heading 1a.
 - We are worried that the amount of funds allocated to the CIP will be insufficient for the CIP to deliver results (risk that original EUR 4.2 billion is cut by over 40%).
 - If the budget will not be sufficient: choices will have to be made – business should be associated with those choices.

Conclusion:

- The upcoming Competitiveness Council and Spring Summit will be real tests for the EU:
- European SMEs have great expectations and we will be looking to politicians for a signal that they intend to commit to “unlocking the business potential, particularly of SMEs” as suggested by the European Commission;
- The actions suggested of Member States in the Commission’s report to the Spring Council 2006 to “unlock the business potential, particularly of SMEs” are fully supported by European business and we expect commitments from Member States to that effect.

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