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## **“Europe is good for SMEs – SMEs are good for Europe”**

**DG Enterprise and Industry’s SME day  
12 June 2006**

**Speaking notes for Philippe de Buck, UNICE Secretary General**

### **Introductory remarks**

It is the first time that DG Enterprise and Industry organises an “SME day” – this reflects the stronger political priority that the Commission is willing to give to improving the business environment for SMEs and fostering entrepreneurship.

UNICE welcomes this opportunity to discuss current EC policies and priorities and to point out what still needs to be done, from an enterprise perspective.

We will also continue this discussion, in parallel to this event, in a special meeting at UNICE with entrepreneurs and members of the UNICE SME committee.

Let me now briefly present UNICE’s views by dwelling on the motto for this SME day.

### **Are SMEs good for Europe?**

SMEs are the backbone of the EU economy. Nine out of ten companies are SMEs. They provide two out of three jobs.

Throughout the OECD, SME entrepreneurial activity is especially dynamic in knowledge-based services. Between one and two thirds of SMEs can be considered innovative. New technology-based firms, often SMEs, renew technologies or create breakthroughs.

In brief, SMEs are the driving force for growth and job creation. They are a key source of innovation and decisive for Europe’s competitiveness.

## **Is Europe good for SMEs?**

There is no doubt that the creation of the internal market has considerably increased business opportunities and fostered prosperity and job creation.

But we also note the following:

- The cultural, fiscal and regulatory environment in Europe is not improving sufficiently to allow Europe to surpass or even equal the entrepreneurial potential of competitors elsewhere in the world.
- The weight of regulation in Europe is such that, on average, it takes longer to create a business in Europe than in most other OECD regions.
- Entrepreneurs have become rarer in recent years in Europe and today are only half as numerous as in the United States.
- Furthermore, US businesses grow much more substantially during their first two years of existence as compared with their European counterparts.
- The report presented by the high-level group chaired by Wim Kok pointed out that Europe *is not attractive enough as a place in which to do business*.

*This needs to change.*

Looking at the EU's economic perspectives, the challenges it faces in terms of globalisation and technological development, it is high time to refocus certain policies in order to create an environment in which companies, whether large or small, can realise their full potential.

## **UNICE priorities**

A multitude of measures are needed to develop entrepreneurship in Europe and underpin SME growth.

UNICE calls on policy-makers to:

- implement the reforms for growth and jobs;
- achieve integration of the European market;
- govern the EU efficiently;

- fight national protectionism;
- take advantage of the opportunities of enlargement;
- reform European social systems to make them sustainable.

Moreover, from an SME angle, there are some more specific priority areas for action which I would like to outline briefly as well.

It is important that European institutions and Member States:

- follow a coordinated, rational, measurable and strong European enterprise and SME policy and carry out a regular quantitative and qualitative assessment of progress made (or not) in realisation of the objectives which have been set;
- coherently implement the “**think small first**” principle;
- fully commit to better regulation;
- reduce administrative burdens and relieve European entrepreneurs of unnecessary paperwork and compliance costs;
- facilitate access to financing;
- make taxation of businesses less obstructive;
- implement commitments to entrepreneurship education on the ground with a view to creating a more entrepreneurial culture in Europe.

However, as long as creating a business is not made easier, red tape is not reduced, access to finance is not improved, the entrepreneurial culture will not change considerably.

The improvement of the legal, administrative and financial business environment remains a central element, also with regard to fostering a change in mindset, which entrepreneurship education only will not achieve.

**To conclude:**

UNICE welcomes the renewed emphasis the Commission is putting on improving the business environment for SMEs and fostering entrepreneurship.

The Commission aims at reinvigorating the European enterprise machine through a variety of actions. These actions are a move in the right direction.

However, the biggest challenge remains: actions and priorities need to be followed through coherently. This means: “mainstreamed” throughout EU policies and properly echoed and implemented by national authorities.

Europe’s economic future will to a large extent depend on concrete progress made in the priority areas for action I have highlighted. UNICE urges the Commission and Member States to step up efforts in their areas of responsibilities and help release a new entrepreneurial dynamism in Europe.

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