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### **MID-TERM REVIEW OF SME POLICY: STILL A LONG WAY TO GO TO FREE SME GROWTH POTENTIAL**

Since 2005, the Commission has developed a more horizontal approach in favour of SMEs building on two pillars: better implementation of the “think-small-first principle” in Community policies and integration of SME priorities in the Growth & Jobs strategy. BUSINESSEUROPE agrees with the Commission that this is the right way forward and that current basic SME policy orientations and priorities should be kept.

At the same time, there is still a long way to go to free SME growth potential. In the US, firms on average increase their employment by 60% by their 7<sup>th</sup> year, while employment gains amongst firms in Europe are in the order of 10 to 20% only. It is generally more difficult for European SMEs to grow than for their US counterparts.

The regulatory, administrative, fiscal and financial environment in Europe is not improving sufficiently to allow Europe to surpass or even equal the entrepreneurial potential of competitors elsewhere in the world.

Arndt G. Kirchhoff, Chair of BUSINESSEUROPE’s Entrepreneurship and SME Committee and CEO of Kirchhoff Automotive: *“Europe’s economic future will to a large extent depend on the growth and innovation potential of SMEs. However, red tape, taxation, inflexible labour markets and over-regulation are still major obstacles to SME growth. The EU and Member States must address these issues and put a continued focus on creating a more favourable business environment for SMEs.”*

#### NOTE TO THE EDITOR

BUSINESSEUROPE – the Confederation of European Business represents more than 20 million small, medium and large companies. Active in European affairs since 1958, BUSINESSEUROPE Members are 39 central industrial and employers’ federations from 33 countries, working together to achieve growth and competitiveness in Europe.

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