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21 November 2007

SME ACTION DAY “THINKING BIG”, 21 NOVEMBER 2007

OPENING ADDRESS BY ARNDT G. KIRCHHOFF

Ladies and Gentlemen,

SMEs are the driving force of the EU economy: they create two thirds of employment and generate more than half of value added.

Entrepreneurial activity and a thriving SME sector are essential for growth, job creation, innovation and social cohesion in Europe.

In the light of this, over the last couple of years, at EU and national level, SMEs have moved up the agenda of policy-makers and a number of commitments have been made and first steps taken to improve the business environment and framework conditions for SMEs.

It is thus important and timely to shed some light on SMEs and their situation in Europe today. Where do we stand? What do European entrepreneurs think? What are their ambitions for growth, and how do they want to grow their business? What are their expectations and which factors are perceived to hamper growth and expansion?

As Chair of BUSINESSEUROPE's Entrepreneurship and SME Committee, I am very pleased about the opportunity to discuss these matters in greater depth today.

KPMG has conducted a survey among 840 SMEs for the SME Action Day and I would now like to invite Dr Robert Gutsche, Member of the Managing Board of KPMG Germany, to introduce some of the key findings of the survey, and give us a flavour of what SMEs think.

- *Presentation by Dr Robert Gutsche (max. 25 minutes), moderator will ask Mr Gutsche 2-3 questions, hand over to Mr Kirchhoff afterwards.*

European SMEs want to grow, they are ambitious and think big! If half of SMEs which plan to achieve turnover growth of more than 10% over the next three to five years reach their goals, this could result in the creation of *more than 2.5 million additional jobs*.



It is thus important to discuss today, with entrepreneurs and business representatives, members of the European Commission, the European Parliament and other EU institutions as well as with national decision-makers, how SMEs' path to success can be further facilitated.

SMEs still face numerous obstacles to growth and business development as the survey reveals. Some are internal and others are external, and more generally linked to the business environment.

Half of SMEs remain focused on the domestic market or have difficulties developing markets abroad – this is untapped potential which needs to be released.

In order to stay competitive in a global and fast-changing environment, it will become increasingly important for a number of SMEs to go international, also beyond the European market.

Although European SMEs are undertaking a good part of R&D, and many are focusing on innovation and may be leaders in their field, they are not growing at the same pace as their US counterparts and less often manage to grow into a large company. Here again, we note that there is a lot of untapped potential in Europe. Why is this so and what can be done about it?

I am also an entrepreneur and run a family-owned business. It initially produced sewing needles and is now supplying the automotive industry in Europe and beyond.

- Elements that have helped business development and my recipe for success
- Key factors that hamper growth of my business today

I would like to invite you to debate these issues with us in today's four workshops. I would also like to invite you to *define with us - in each of the workshop focus areas - three key priorities for action* for fostering SMEs growth.

All participants in the SME Action Day are welcome to contribute to what I hope will be a constructive exchange on the most efficient ways and important measures to ease enterprise creation and help SMEs grow.

BUSINESSEUROPE's Entrepreneurship and SME Committee will follow-up on this discussion. At European level, we will continue to voice SMEs' concerns and expectations vis-à-vis the EU institutions. Let us join efforts in creating an environment that is more conducive to enterprise creation and growth.

The motto of the Day is: thinking big!

SMEs think big.

I invite our discussion partners to take this opportunity and think big for SMEs as well!

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