



SPEAKING NOTES

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11 September 2008

SME EVENT | THE EUROPEAN SMALL BUSINESS ACT: A GREAT LEAP FORWARD FOR SMEs?

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

16 SEPTEMBER 2008

16H00 Æ 16H10

OPENING ADDRESS BY ERNEST-ANTOINE SEILLIÈRE PRESIDENT OF BUSINESSEUROPE

- Mr President, Members of the European Parliament, Ambassador, Ladies and Gentlemen, I am pleased to welcome you to this SME debate organised by BUSINESSEUROPE in cooperation with the European Parliament.
- Firstly, I want to thank Henri Malosse, President of the Employers Group of the European Economic and Social Committee for hosting this event on his premises.
- Secondly, I would like to welcome the distinguished panellists. One even came all the way over from Washington: it is Mr Boyden Gray, US Special Envoy . thank you, dear Ambassador, for having put the US campaign on hold to join us today and campaign for SMEs in Europe. I will leave to our moderator, Huw Jones from Reuters, the pleasure of introducing the rest of our panellists when our discussion round commences
- I am very pleased to see this room filled with people who care for entrepreneurship and SMEs. For BUSINESSEUROPE, it has been a long-time priority. Indeed, entrepreneurs are the heart of our constituency. As you know, BUSINESSEUROPE represents 20 million small, medium and large companies. Our members . 40 business organisations in 34 countries . host a tremendous variety of companies, be they distinguished by their size or by their sector of activity.
- Theme of today's debate is The European Small Business Act: a great leap forward for SMEs?+ Especially the question mark at the end is important for our discussion.

- On 25 June the European Commission unveiled the Small Business Act for Europe (SBA) with as main goal to unlock SMEs growth potential. It should, in the words of Commission President Barroso, lead to a Europe of less red tape and more red carpet+ [for small- and medium-sized companies].
- Although one could judge that the SBA comes rather late . eight years after the start of the Lisbon process . BUSINESSEUROPE is very pleased with this initiative!
- Europe comprises 23 million SMEs which account for 99.8% of companies in the EU and provide two-thirds . around 75 million . of all private sector jobs. Entrepreneurial activity and a thriving SME sector are key drivers behind growth and job creation in Europe. Europe's economic future will to a large extent depend on its ability to unleash the innovation and growth potential of SMEs.
- However, the regulatory, administrative, fiscal and financial environment in Europe does not allow us to surpass or even equal competitors elsewhere in the world. Productivity growth per hour worked in the EU is low and expected to stay low. The labour productivity rate of SMEs scores just below the average level for all European companies. If we consider micro enterprises . which account for 90% of European businesses . the figure drops to 70%.
- In addition, figures tend to demonstrate that it is generally more difficult for European companies to grow than for their US counterparts. In the US, firms on average increase their employment by 60% by their 7th year, while employment gains amongst firms in Europe are in the order of 10 to 20%.
- Major obstacles to SME growth are well known and should be tackled urgently. Although some steps have been taken in the right direction, much more needs to be done at EU and national level. BUSINESSEUROPE embraces a **Í Priority Top 5Î** list:
 1. **Create a more SME-friendly environment:** this implies especially less red tape and better regulation, but also a more entrepreneurial mindset in Europe.
 2. **Lift obstacles in the Internal Market**
 3. **Enhance flexicurity and skills**
 4. **Ease access to finance and international markets**
 5. **Foster innovation**
- With this **wish list+** in mind, BUSINESSEUROPE supports the many (over 90) proposals set out in the SBA, including the four legislative initiatives on block exemptions, VAT, late payments and the European Private Company statute. These should be swiftly adopted by the Council and implemented by the Member States.
- I would like to stress that a clear strategy focused on key objectives and actions is as important for entrepreneurs to run a successful company as it is for policy-makers to implement a successful policy.

- In particular, we believe that the possibility to create a European Private Company will place SMEs in a better position to contribute to and benefit from the Internal Market. Thanks to the new statute, SMEs will be able to substantially reduce the costs they are currently facing when wanting to go cross-border within the EU.
- We endorse the 'think-small-first' principle . echoed in the SBA . although we, as entrepreneurs, prefer to 'think big' for SMEs. The EU and Member States must take better account of the specificities and constraints of SMEs in lawmaking and when drawing up new policies, anchoring this principle in all public administration. This is the first step toward a real alleviation of the overall burden on entrepreneurs which seriously impeded the dynamism of European SMEs.
- On a more critical note, ladies and gentlemen, I want to insist on the fact that implementation will be the key to assess the success of the SBA. BUSINESSEUROPE has high expectations for the SBA which, we hope, will strengthen SMEs throughout their lifecycle. For the SBA to be more than just another communication on SME policy, it is crucial that the Commission as well as national governments deliver on policy commitments and implement the SBA vigorously in all the proposed areas. The times of lofty promises and paper only are over. Our economic situation . and SMEs as its backbone . does simply not allow it. It is implementation that counts now.
- Since the Act is not legally binding, it should be backed by the strongest political commitment to implement it throughout Europe. Therefore the SBA must be placed in the context of the Lisbon strategy for Growth and Jobs and its reporting cycle. This way, progress on SME policies can be measured and enhanced. This way, business can keep policy-makers to their promises.
- We call on the French EU Presidency, all Member States and the European Parliament to swiftly endorse the principles underpinning the SBA and to rapidly implement the package of actions. Especially on national level, SMEs need to feel rapid and real improvement of their business environment. Not on paper, but in reality.
- Thank you very much. I am pleased to now give the floor to our host, the President of the EESC Employers' Group, Monsieur Henri Malosse.

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