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## **INFORMATION, INNOVATION AND INSTITUTIONS – HOW CAN EUROPE HELP BUSINESS?**

### **YOUNG EUROPEAN ENTREPRENEURS' SEMINAR EUROPEAN ECONOMIC AND SOCIAL COMMITTEE**

**ADDRESS BY MARIA-FERNANDA FAU,  
DIRECTOR OF COMMUNICATIONS OF BUSINESSEUROPE**

Ladies and Gentlemen,

I would like to thank the Economic and Social Committee and Mr Malosse for the invitation to participate in this seminar.

It is key to keep the SME agenda prominent when discussing policy issues. It is indeed a joint effort by business representatives, institutions, and above all, entrepreneurs. The audience present here today is living evidence of that. Timing is also important. With new institutions in place, we have the opportunity to push the case for SMEs further and therefore help all those women and men across Europe who dare to create and innovate. At BUSINESSEUROPE we believe that Europe can do a lot to help business. At the same time, a strong Europe needs successful companies.

Let me say a little bit about my organisation for those who are not familiar with it. BUSINESSEUROPE speaks for 40 leading national industrial and employers' federations. These 40 federations represent companies from 34 European countries. Reflecting the composition of our membership, a large majority of those companies are SMEs. We work together to define our common agenda for the European Union.

We are a team of 50 people in Brussels. The team grows bigger and stronger as soon as we start counting the forces of our membership both in Brussels and European countries. BUSINESSEUROPE has members in all 27 EU countries but also in other European countries which are not EU members such as Norway, Iceland, Turkey or Croatia.

You can learn more of us on [www.businessseurope.eu](http://www.businessseurope.eu)



I spend my time at BUSINESSEUROPE doing communications work. This means working hard so that the voice of EU companies resonates in Brussels. Also, to make sure that companies' standpoints are heard, understood and, we hope, supported. BUSINESSEUROPE also works to facilitate the legislative road for companies to do business in other countries around the world.

BUSINESSEUROPE was founded in 1958. For those who are counting already, yes, we have just celebrated our 50<sup>th</sup> anniversary last year. We hope we can go on successfully for many more years ahead.

Yet, the challenge today is all the greater in the difficult economic circumstances we are facing.

Today, the state of the economy is on everybody's mind. Yes, the situation has improved over the summer. But things are not back to normal.

To get out of the crisis, BUSINESSEUROPE is asking for:

- **Support for a market economy that opens competition and rewards sound risk-taking.** Managers, shareholders and creditors must take responsibility for their actions and companies with bad business models should be allowed to exit the market in an orderly manner.
- **Access to affordable financing is an absolute priority.** Companies' investment in machinery and equipment is already down more than 20% since last year. We need to reverse this trend rapidly.
- **Interest rates will have to be maintained at a low level** for a considerable period of time.
- **The priority must be to reduce public spending and engage into growth-enhancing reforms.** This implies new thinking about the effectiveness of public administration, social systems and tax structures.
- **The urgent need now is to prevent long-term unemployment, and increase mobility, and skills.** It is key to implement the principle of **flexicurity**. This reconciles flexibility and security needs of employers and workers by facilitating the creation of new jobs, supporting people during transitions and developing skills through training.

When it comes to SMEs, BUSINESSEUROPE wants to think big: we know that SMEs trust the European project and can take full advantage of the internal market. Every SME starts small but has the potential to deliver and to deliver big.



But we must we look around us too. We see that emerging markets – particularly China, India, Brazil and Russia – have gained tremendous weight in the global economy in recent years. Their performance creates enormous trade, investment and growth opportunities for an open economy like that of the EU. For multinationals as well as for our SMEs.

Indeed, European companies, regardless their size, are competitive. Our high value-added goods and services are in high demand on world markets. All of this makes one thing clear: future European policy-orientations must fully reflect this new world economic order. We need an evolution in mindset and policy-making in Europe!

As I said, one number one priority is to improve companies' access to finance. Banks are not lending enough and that is putting businesses on the great pressure.

We also support legislative proposals with a clear SME aspect such as improvement on late payments, expansion of e-invoicing and reduced VAT rates for companies. We support policy initiatives that encourage entrepreneurship and innovation and create synergies with skills too.

A word on innovation: Europe scores very badly when it comes to “turning knowledge into business”. Europe has fewer patents than the US or Japan, has fewer top universities and suffers from brain drain. This needs to be changed urgently.

On the positive side we see progress on so-called “smart regulation” or “better regulation”. The European Commission is working hard and the “SME test” is starting to bear fruits with increasing awareness within the European Commission on the impact of draft legislation on SMEs. We are also working on the transposition of the services directive that will give many SMEs the opportunity to offer services beyond their borders.

Finally, we have a new European Parliament and soon a new European Commission will be in place. It is a unique opportunity to inspire a fresh vision for Europe. And to set the course for a growth strategy for the next five years! And SMEs must be at the heart of that dynamic.

I thank you for your attention and I am happy to take your questions.

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