

BUSINESSEUROPE



**ASD Equipment / SME Commission meeting
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**Current developments in EU SME policy:
Small Business Act and access to finance**

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BUSINESSEUROPE: 40 members in 34 countries

							
Austria	Belgium	Bulgaria	Croatia	Cyprus	Czech Republic	Denmark	Denmark
							
Estonia	Finland	France	Germany	Germany	Greece	Hungary	Iceland
							
Iceland	Ireland	Italy	Latvia	Lithuania	Luxembourg	Malta	Montenegro
							
Norway	Poland	Portugal	Portugal	Rep. San Marino	Romania	Slovakia	Slovenia
							
Spain	Sweden	Switzerland	Switzerland	The Netherlands	Turkey	Turkey	United Kingdom



What is BUSINESSEUROPE?

- The Confederation of European business, representative of more than 20 million small, medium and large companies
- Mission : “Advocate a favourable and competitive business environment to foster sustainable economic growth”



Main points of presentation

- Update on the Small Business Act for Europe
- Improving SME access to finance:
 - ✓ Credit
 - ✓ Finance other than credit
 - ✓ European financial instruments



2008 Small Business Act for Europe (I)

- 10 principles that should drive EU and national policy, which were translated in an on-going action agenda:
 1. Promoting entrepreneurship
 2. Second chance
 3. Think Small First
 4. Responsive administrations



2008 Small Business Act for Europe (II)

5. Access to public procurement
6. Access to finance
7. Single market
8. Innovation
9. Turning environmental challenges into opportunities
10. Support to internationalisation



SBA implementation 2009-2010: assessment

- Commission : many positive steps
- National level : patchy picture
 - Need to reinvigorate the SBA
 - SBA Review Communication(February 2011), with:
 - ✓ Updated action agenda
 - ✓ Improved SBA governance process



Towards improved SBA governance

- Commission will create SBA Advisory Group , with representatives of governments and business organisations, to :
 - ✓ Evaluate the uptake of the SBA at national level
 - ✓ Promote the exchange of good practices
- Member States (plus relevant regional authorities) are invited to :
 - ✓ Set up, in coordination with representatives of business organisations, national and local SBA implementation plans
 - ✓ Introduce monitoring mechanisms
 - ✓ Create a body in charge of coordinating SME issues across different administrations (“SME Envoy”)



Improving SME access to credit

Preconditions:

- Need for healthy banks :
 - ✓ Calls for a balanced approach in financial markets' reform (Basel III and other coming regulations)
- Well oiled Banks- SMEs relationships:
 - ✓ Calls for overcoming communication hurdles
 - ✓ Possible approaches (codes of good conduct, internal / external mediators,...) could be promoted via the SBA governance process



Improving SME access to alternative finance

- Availability of equity or quasi-equity finance will be increasingly important given constraints on credit
- As a consequence, EU should:
 - ✓ Create an integrated European venture capital market
 - ✓ Encourage new policy approaches for securing long term funding for venture capital operators
 - ✓ Promote best practices in fiscal incentives for making risk capital investments more attractive
 - ✓ Help SMEs tap financial markets directly
- Role of the SBA governance process and of Art. 173 cooperation (Lisbon Treaty)



Types of EU financial instruments

- EIB Group finance directly supplied to SME's :
 - ✓ EIB “SME loans”
- Combined EIB/EU Budget finance directly channelled to SME's by EIB:
 - ✓ “Innovation loans” of the Risk Sharing Finance Facility (RSFF)
- EIB and/or EU Budget finance managed by EIF (European Investment Fund) and distributed to SME's via selected financial intermediaries:
 - ✓ Venture capital and “loan guarantees” of the EIF
- EU Budget finance for cohesion countries



Volume of EU/EIB finance for SMEs

- EIF Venture Capital (GIF):
 - ✓ € 550 million for 2007-2013
- EIF loan guarantees (SMEG):
 - ✓ € 506 million for 2007-2013
- Leverage factor for GIF/SMEG money:
 - ✓ 22 (leading to € 9 billion investments end 2009)
- RSFF innovation loans:
 - ✓ € 800 million from EU/EIB have supported
€ 18 billion investments at end 2009
- Cohesion policy:
 - ✓ € 27 billion explicitly targeted at SMEs (2007-2013)



Recommendations on EU / EIB finance

- Support to broad spectrum of financial instruments directed to technological innovation-based companies and other growth based-companies:
 - ✓ Venture capital
 - ✓ Innovation loans
 - ✓ Loan guarantees
- These instruments should have a prominent place in future EU budget
- Make EU financial schemes more accessible to SMEs

