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### EUROPEAN PARLIAMENT SME INTERGROUP

### MEETING ON COSME (COMMISSION PROGRAMME ON THE COMPETITIVENESS OF ENTERPRISES AND SMES)

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#### I. Overall perspective

COSME is a very important programme for European SMEs. It is in fact the only European programme dedicated to SMEs.

BUSINESSEUROPE attaches great importance to COSME's financial instruments pillar, bearing in mind the growing difficulty of gaining access to finance. BUSINESSEUROPE also stresses the importance of an ambitious and well designed SME policy pillar in COSME. This should refer, inter alia, to a new EU objective of cutting red tape linked to EU legislation, as proposed by several MEPs (target of a 25% reduction in administrative burdens by 2020).

#### II. Financial pillar of COSME

BUSINESSEUROPE strongly supports the introduction of the Equity Facility for Growth (EFG) and of the Loan Guarantee Facility (LGF) proposed in COSME. Because of the high leveraging effect of these two instruments, the budget proposed for the EGF and LGF (i.e. € 1.4 billion for 2014-2020) should be significantly increased.

We welcome the efforts that are being done by the EP rapporteur, Mr Creutzmann and other MEPs, with a view to solving the problems associated with the fairly artificial delimitation that has been made between the COSME and Horizon 2020 programmes regarding the grant of guarantees for loans to enterprises which are innovative and/or exhibit high growth potential:

- COSME: provision of guarantees to cover loans of up to €150,000
- Horizon 2020: provision of guarantees to cover loans of more than €150,000.

The idea has been advanced that financial intermediaries active in the sphere of COSME could grant guarantees for loans of more than € 150,000, provided that they



can demonstrate that the projects for which these loans are granted are not eligible under Horizon 2020. It is an interesting idea, but it is clearly important to limit the complexity of Horizon 2020's administrative machinery so as not to end up with a situation where such demonstration would be an unduly difficult task for COSME financial intermediaries or would generate legal uncertainties.

In that sense, we very much support amendment 420 of Mr Creutzmann and Mr Johansson, and amendment 462 of Mr Bendtsen, which propose inclusion of the following provisions:

- the financial instruments under the programme will be operated in close coordination with the debt and equity facilities under Horizon 2020 with a view to creating a single instrument for intermediaries and enabling SMEs to identify the programme that corresponds best to their needs through one common source of information (amendment 420).
- the Commission may issue recommendations for exemplary cases where the Loan Guarantee Fund covers loans above € 150,000 (amendment 462).

### III. Policy pillar of COSME

BUSINESSEUROPE supports the goal of promoting the sustainable competitiveness of European enterprises through COSME actions. We are happy that the Rapporteur and other MEPs have submitted amendments to clarify the content of some of these actions and to upgrade the level of the associated performance indicators.

In particular, BUSINESSEUROPE fully supports the amendments put forward by the Rapporteur, by Mr Johansson and by Mr Bendtsen for including, in the COSME regulation, a new EU target for reduction of administrative burdens by 25 % by 2020.

We are very encouraged to see that this idea is gaining momentum in the Parliament, as shown *inter alia* in the speech of Mr Daul, President of the EPP, responding to President Barroso's speech on the state of the Union.

We sometimes hear sceptical considerations regarding the inclusion of a new target for reducing administrative burdens in COSME, which are roughly based on two kinds of arguments:

- 1- defining and monitoring an EU target would be too huge a managerial task for COSME programme managers;
- 2- from a technical point of view, developing very precise methodologies for burden reduction targets could never deliver perfect results.

Let us discuss these arguments more in detail.

- The first argument consists in saying that there is not enough money in COSME for DG Enterprise to look at the administrative burdens that originate from legislation initiated by all the Commission DGs. Let us be fully clear here.



Including a new burden reduction target in COSME would not mean that COSME itself or DG Enterprise should deliver this target. No, the first purpose of including a target in the annex to the COSME regulation is to ensure recognition, at a high political level, of the need to continue efforts to reduce administrative burdens. The second benefit of including a target is that it would give a clear indication of the overall burden reduction target to which selected COSME actions would have to contribute. This would be very useful to design these selected COSME policy actions in the most informed fashion possible. Having broad objectives stated in COSME should not be a problem. In the Commission proposal, the annex to the COSME regulation already contains aspirational targets that COSME alone cannot fully deliver, like increasing the share of SMEs involved in international activities to 17%, etc.

- The second argument for not including a minus 25% target in COSME consists in saying that such a target would raise excessively complicated methodological issues. It would be too time-consuming for the Commission to calculate the baseline from which to apply the reduction. Another question put forward is: “do we have the means to design a very sophisticated accounting system to do the sums and see whether we reach very precisely the minus 25% target?” We should in fact remember that calculating a baseline was already done in 2006 for the first EU target. Doing it again should be manageable.

We can understand these comments and questions, but we would like to stress that we should not try to follow here a kind of grand academic approach to implement the minus 25% target. What is needed is much more a pragmatic managerial approach, built on the following three steps:

1. Setting a reduction target expressed as a percentage of the estimated total administrative burdens. This is a political target, expressed in a way that can have a strong mobilisation potential;
2. Deriving from this political target a realistic absolute target, expressed in billions of euros of reductions in burdens;
3. Developing measures at EU and national level striving to reach this absolute target.

So, for all the reasons, we really call on the three institutions to make the political step to include a target for reducing the administrative burdens in COSME.

As a final consideration, the current EU portfolio of support instruments for SME internationalisation should be carefully assessed and optimised, as announced by the Commission. This should clarify whether and where the conditions are met for pursuing current actions and for developing new ones.