

We need a renewed and strengthened EU policy for Crafts and SMEs

- 1) BUSINESSEUROPE, representing companies of all sizes and all sectors, and UEAPME, the European Association of Craft, Small and Medium-sized Enterprises, support the European Commission's policy line to integrate SME issues into all EU policies, especially the new Single Market Strategy.

However when integrating SME elements into EU policies, the fundamental principles of the Small Business Act need to be respected, like:

- the true application of the 'Think Small First Principle' (as more than 99% of all European businesses are SMEs legislation should primarily be drafted with SMEs in mind);
 - better regulation principles should be fully applied to new Commission initiatives (compulsory SME tests, early participation of stakeholders, priority for review and implementation of existing legislation before creating new legislation).
- 2) The integration of SME elements into EU policies cannot be a substitute for a consistent horizontal SME policy. At present the basis for this European SME policy is the existing Small Business Act (SBA). This SBA needs to be reviewed and revised to establish the future SME strategy of the European Union.
 - 3) The horizontal SME policy approach is not only a question of visibility but a necessity to judge whether national actions influencing SMEs respect agreed EU principles. SME development and economic wellbeing and growth will be integrated into the European semester process and Europe needs a yardstick to judge whether national policies create growth and jobs.
 - 4) Substantial preparatory work for a revised SBA has already been undertaken. The EU Network of SME Envoys has already identified five priority areas for action: better access to finance, improved market access, improved entrepreneurship, cutting red tape, eliminate skills shortages. A public consultation has been finalised this year underlining the tremendous public interest in a revised SBA.
 - 5) Such a new SBA needs to be better implemented than in the past. It should be combined with an 'Action Programme' (linking if appropriate with the relevant EU flagship initiatives) to eliminate :
 - obstacles when doing (temporary) business across borders,
 - obstacles when providing cross-border goods and services,
 - obstacles when establishing in another EU member State.

The following subjects in particular need to be addressed in a future SME policy:

a) Better access to markets through strengthened Mutual Recognition

The new Single Market Strategy should enable the Commission to act as a more effective guardian of the mutual recognition principle in the area of goods and services.

b) Services

In order to make full use of the internal market, the 2006 Services Directive has to be fully implemented in all Member States, so as to guarantee fair competition and facilitate free movement. BUSINESSEUROPE and UEAPME request a proportionate application of Art 20(2) of the Services Directive taking into account the perspective of the services provider as well as different legal cross-border obstacles. We need to develop the Points of Single Contact into a system of fully-fledged online business portals and to create platforms to promote regular exchange of information by and between business representatives. We need the establishment of a one-stop shop for VAT – SMEs must be able to fulfil all their VAT obligations for all turnover generated in the internal market at their relevant revenue office.

The possibility to maintain the prohibition to sell below cost in the countries where it exists, in line with EU competition rules, is vital for SMEs, especially in the retail sector.

c) Facilitating establishment in an other Member State

Small companies still find it difficult to establish a subsidiary in an other EU Member State. Only 2% of European companies have decided for this route. The reason is the multiplication of national procedures that have to be respected. The adoption of the single member company proposal, which embraces the digital agenda by allowing for online registration, could provide a solution.

d) Quality and market relevant European standards

SMEs must be able to access information about standards in an uncomplicated, transparent and affordable way. Standards should be market relevant and not unduly tilt the competitive playing field. Recognise that different sectors have different needs when it comes to standards (IT versus construction). Interested SMEs need to participate fully in the national and European standardisation systems.

e) Fair balance between companies' interests and consumer protection

SMEs need regulations that provide a fair balance as regards consumer rights and company interests. Micro-enterprises do not have by definition more market power than consumers. Measures in the area of consumer protection need to respect the needs and requirements of SMEs. The responsible consumer, as described by the ECJ, should become the guiding principle.

f) Access to finance for SMEs

Bank loans will remain the main tool for SME financing, with other financing sources increasing in importance. There is a need to find a balance between promoting banks' financial stability and securing SME access to finance. Banking regulations should pay special attention to the role played by local, regional and promotional banks in SME financing. Strict application of proportionality in order not to create difficulties for SMEs is needed. National guarantee institutions should be strengthened.

BUSINESSEUROPE and UEAPME welcome the measures foreseen by the Capital Markets Union action plan for expanding the non-lending financing options. Initiatives to promote crowd investing and crowd funding should be designed in a way that is appropriate for micro-enterprises in particular.

Immediately after the assessment foreseen for March 2016 of the Late Payment Directive, the Commission has to come up with concrete proposals to tackle the remaining problems.

g) Ensure the supply of skilled manpower

Modernising education and training systems is necessary to be more responsive to labour market and company needs notably through Quality Vocational Education and Training (VET) including higher VET, work-based learning and apprenticeship with a focus on learning outcomes and employability. Promoting the free movement of professionals through better recognition of qualifications is key. A clear overview of all the regulated professions in the Member States by the Commission is important to progress in the search for a better balance between promoting entrepreneurship, ensuring access to high level skills, and eliminating unnecessary barriers in the single market. This overview should highlight where regulated professions should be revised or removed to avoid fragmented labour markets and ensure the conditions for cross-border mobility. The positive role of SMEs in offering high-quality apprenticeships should also be taken into account. As regards the posting of workers, the focus of the EU and the Member States should be on implementing the 2014 enforcement directive in a way that takes into account the need to make formalities more user-friendly for SMEs.

18th November 2015

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