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**SINGLE MARKET FORUM 2016/2017 CLOSING CONFERENCE***Malta, 19 June 2017***Workshop on****“Single Market for SMEs – Operating in Global Value Chains and the importance of Compliance, Enforcement and Surveillance”****Speech of Mrs MARTA MARTI, Chair of BusinessEurope’s****“Entrepreneurship and SME” Committee**

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Ladies and Gentlemen,

I would like to thank the Commission very much for this opportunity to share BusinessEurope’s thoughts about how to make the single market more SME-friendly.

As a matter of fact, BusinessEurope organised a conference on this subject in February 2017. The conference showed very clearly that in order to get much more SMEs participating to the single Market, we need to do 5 things:

- 1: Improve SME access to information on markets and regulation;
- 2: Simplify the administrative procedures needed to operate cross-border;
- 3: Offer more efficient tools to help SMEs cope with the barriers to trade they face today;
- 4: Ensure that future national legislations prevent the emergence of new barriers to trade;
- And 5: Ensure that SME can seize the full opportunities of an efficient digital single market.

I would like to share with you our recommendations for reaching these five goals.

Let me start with the two first issues, namely improving SME access to information, and simplifying the administrative procedures.

High-quality and easily accessible information on markets and regulations is clearly essential for SMEs wishing to expand their activities in the single market.

BusinessEurope therefore supports the Commission proposal of creating a Single Digital Gateway, presented in April 2017.

This Gateway should act as a true single online business portal for companies trading in goods and services. It should offer not only information but also all the assistance SMEs need to operate across borders, including the possibility to complete administrative procedures entirely online.

In that respect, we consider that the current Single Digital Gateway proposal offers too limited possibilities for on-line commercial registering. We understand that the absence of an EU



framework for on-line registration complicates progress. It is therefore essential that DG “Justice” of the Commission corrects this situation by proposing as soon as possible an EU framework for on-line registration.

Let me now say a few words on the need to deploy more efficient problem-solving approaches when SMEs are faced with barriers to trade or unfair competition.

We often see that SMEs having their product lawfully marketed in their home market don't have access to markets in other Member States. This denial of access is too often based on loosely fitted public interest reasons that are not in line with single market principles. What happens is that national technical rules are being used to get round the principle of mutual recognition.

To address this problem, a “Quick Assessment Procedure” should be introduced, allowing companies to complain and to have a second opinion when they believe that their right to mutual recognition has been violated. The procedure should help to assess if the measure used to protect some public interest is proportionate. This procedure would help ensuring a better functioning of the principle of mutual recognition.

Another problem to be tackled is the unfair competition generated by rogue traders that do not respect EU rules. SMEs respecting EU rules suffer acutely from that unfair competition. Market surveillance should therefore be politically prioritised and better organised.

Helping removing unjustified barriers to trade is good, but preventing such barriers should clearly be the ultimate goal.

The current notification procedure for products, whereby Member States must submit draft national technical regulations for peer assessment, must be improved. It should become a more powerful screening tool for preventing future technical barriers to trade. In some cases, Member States should provide an impact assessment for their planned draft technical rules, assessing the costs and effects of “gold-plating” initiatives.

In the same spirit, we support the revised procedure that the Commission has proposed for notifying draft national regulations in the area of services. The new procedure should allow to better check if the additional national requirements that are contemplated by national authorities (on top of EU legislation) are justified and proportionate. This should discourage Member States from “gold-plating”.

Up to this point, I have largely stressed the need for smart regulation and tools for addressing wrong regulatory practices.

But the success of SMEs in the single market is not only an issue of sophisticated regulatory frameworks.

In order to succeed on the single market, SMEs must include more and more digital-based intelligence in their products and services, and contribute to innovation in this area. They also need to connect to transnational value chains, which play an increasing role in the economy and use advanced B2B communication systems.

In that context, everything should be done to facilitate the digital transformation of SMEs. SMEs need a large room of manoeuvre to transform themselves through creative new partnerships. Freedom for entrepreneurial initiatives is key.



This has a lot of consequences. For example, it means that EU business should be free to move data. This is fundamental for a well-functioning Digital Single Market. In the context of the internet of things, we should in particular accept the free flow of machine data across borders. Issues like data ownership, access and liability are well handled by existing frameworks, contractual agreements and practices. New EU legislation in these areas would undermine the development of an innovative data economy. The Estonian Presidency should continue to support the introduction of a legal instrument that removes existing national data localisation requirements and prevents the creation of new ones.

Policy makers should only legislate where real market failures exist. In this sense, a balance should be sought between the protection of personal data and the ability to use data analysis for developing new business models and effective processes.

Standards are extremely important for SMEs to enable digital industrial processes, to let SMEs approach markets directly and to reduce bureaucracy in B2B processes. We need open standards, truly accessible to SMEs.

Finally, a major effort is needed to enhance the competence level of SMEs, and their access to professional advice. The European Commission should in particular increase funding for the development of Digital Innovation Hubs.

To conclude, I hope I have been able to show you that more SME engagement in the single market depends both:

- on appropriate regulatory frameworks
- and on enabling policies, helping SMEs to adapt to the new production processes and the new market demands.

If we think this through, this means implementing an ambitious EU SME policy.

Thank you.

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