

Position Paper

UEAPME¹ position on Mid-term review of the Europe2020 flagship initiative on Industrial Policy.

2.1. SME-friendly business environment and entrepreneurship: please explain the importance of the issue, giving examples and evidence.

See "The European Charter for Small Enterprises" adopted in 2000,
See "UEAPME position paper on the Green paper on Entrepreneurship, July 2003:
http://www.ueapme.com/docs/pos_papers/2003/GreenPaperEntrepreneurship.doc

2.2. Access to finance:

See: **UEAPME position on the next generation of European SME Finance Programmes**
http://www.ueapme.com/IMG/pdf/110222_CIP_SMEfinance_final.pdf

2.3. Technologies, standards, design and innovation

See: **UEAPME's reply to the green paper consultation on a "Common Strategic Framework for EU Research and Innovation funding"**
http://www.ueapme.com/IMG/pdf/110511_pp_CommonStrategicFramework.pdf

2.4.1 Skills, restructuring and structural change: please explain the importance of the issue, giving examples and evidence

SMEs are challenged by the pace of change - technological, internationalization etc - as well as a mismatch of skills and difficulties to recruit and retain qualified workers. Restructuring and adapting to change also goes often unnoticed "under the radar" in SMEs, which is why their specificities should be better addressed. SMEs have fewer resources to anticipate change compared to larger companies and lack a systematic approach, especially for upgrading and anticipating skills needs, both regarding the owner-manager and staff. Small companies often miss external support in this adaptation process, since in cases of restructuring they do not have access to social plans like larger companies. Instruments like the EGF are difficult to access for SME workers due to the burdensome application process.

¹ UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](https://ec.europa.eu/transparency/procurements/notice/55820581197-35).

UNION EUROPEENNE DE L'ARTISANAT ET DES PETITES ET MOYENNES ENTREPRISES

EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE

EUROPEAN ASSOCIATION OF CRAFT, SMALL AND MEDIUM-SIZED ENTERPRISES

UNIONE EUROPEA DELL'ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

EU social partner Joint Study on Restructuring in the EU - Synthesis Report (2010), incl. good practice of SMEs; DG ENT study identification of future skills needs in micro and crafts-type businesses up to 2020 (2011).

2.4.2 Skills, restructuring and structural change: how can businesses themselves better respond to these issues?

It is vital to foster adaptability and employability of employers and workers to better cope with restructuring and job losses. Companies require both internal and external flexibility, notably related to work organisation and working time. This is particularly important for small businesses (average 4.5 employees) with less leeway for applying internal flexibility due to their limited number of workers. Flexibility measures like short-time work schemes also help to support companies in this adaptation process.

For SMEs and small businesses it is important to have external support, e.g. regarding guidance both for the manager-owner and workers to better anticipate and adapt to change, including on skills. Lifelong learning should be seen as a shared responsibility as regards the employer, workers and public authorities. It is the only way to adapt to change and maintain employability. Financial incentives are necessary to support businesses in this regard.

2.4.3 Skills, restructuring and structural change: what can policymakers do to address the issues at Member state, local or regional level?

SMEs need a friendly non-bureaucratic business environment including:

- flexible labour law legislation;
- adequate wage setting mechanisms and wage levels in line with productivity;
- better access to finance and sound fiscal rules;
- quality infrastructure, efficient public services;
- strong support in the field of innovation, research and development, as well as better access to international markets.

Further, effective education and training systems are required to ensure skills are responsive to company needs. Demand led work- based-learning and apprenticeships are one of the best means to facilitate the anticipation of skills needs and avoiding skills mismatches on the labour markets and should be promoted. Observatories at local, regional, national and sectoral levels are indispensable for monitoring skills needs and job evolution.

Finally, social dialogue has a key role in tackling restructuring through agreements at national, sectoral, regional and/or company level.

2.4.4 Skills, restructuring and structural change: what can policymakers do to address the issues at EU level?

At EU level the European Semester with its enhanced macroeconomic governance is crucial for stimulating structural reforms in member states. Effective and flexible labour markets and sound flexicurity principles are needed to support adaptation to change and improve competitiveness.

This involves encouraging member states to better adapt tax and benefit systems where necessary to “make work pay”, implementing activation policies, applying sufficiently flexible employment protection systems, setting-up wage setting mechanisms and wage developments consistent with productivity and adjustment needs.

Moreover, the EU should encourage investments in continuous training for updating or upgrading skills and provide an overview of anticipation of skill needs in the EU in quantitative, qualitative and sectoral terms where possible, as well as facilitating an exchange of good practice between Member States and social partners on anticipation and management of restructuring.

2.5. Improving the Single Market: please explain the importance of the issue, giving examples and evidence.

See: UEAPME position on the Communication of the European Commission “Towards a Single Market Act”
http://www.ueapme.com/IMG/pdf/110307_pp_SMA.pdf

UEAPME’s contribution to the public consultation on THE FUTURE OF THE INTERNAL MARKET:
http://www.ueapme.com/docs/pos_papers/2006/0606_quest_int_mkt.pdf

2.6.1 ICT and internet access and cross-border sales: please explain the importance of the issue, giving examples and evidence.

ICT, internet access and cross border sales are three completely different issues.

2.7.1 Better and more consistent regulation: please explain the importance of the issue, giving examples and evidence

The quality of the regulatory environment is key for the competitiveness of enterprises, especially small enterprises, for their growth and economic performance. Moreover, it is important for attracting foreign investment and it certainly contributes to closing the gap between citizens and the European institutions.

However, cutting red tape is not only a key priority for businesses. As UEAPME has stated for many years, and as confirmed by research, better regulation and the reduction of administrative burdens will also reduce costs for public administrations and lead to better enforcement.

(see UEAPMEs Position paper on Smart Regulation :

http://www.ueapme.com/IMG/pdf/100811_pp_smart_regulation_final.pdf)

2.7.2 Better and more consistent regulation: how can businesses themselves better respond to these issues?

Quite a strange question. Businesses undergo this and have to try to make the best of it. The question suggest that this is a joint responsibility, quod non.

2.7.3 Better and more consistent regulation: what can policymakers do to address the issues at Member state, local or regional level?

More than half of the total burden of red tape still comes from national legislation. When EU directives are transposed, Member States should resist the temptation to tinker with their contents as much as possible. “Gold plating”, the practice of exceeding the terms of EU legislation and adding undue and unnecessary clauses, is one of the main sources of red tape. Member States can and should adapt EU legislation to the national circumstances, but must make sure that their action does not generate extra burdens for the national business community.

See also 2.7.4. Solutions are the same.

2.7.4 Better and more consistent regulation: what can policymakers do to address the issues at EU level?

All EU institutions and Member States must aim at the same objectives concerning the reduction of regulatory burdens in order to reach tangible and concrete results for SMEs. Apply the real “think small first” principle, better consultation and listening to the representative SME organizations.

There is an urgent need to rethink the whole regulatory process; there is a need for a cultural shift, a new regulatory culture. Not only legislation and regulations create red tape and administrative burdens and are too complex, there is also a serious problem with the content: the claimed objectives are not clear or not reached, there is an imbalance between advantages and costs, the costs are unnecessarily high due to not adapted rules (no room for alternatives), the rules are not executable or enforceable. Better regulation is indeed more than simplification and/or reducing red tape. The transposition is equally important, not to mention the enforcement of the legislation. Better regulation is a package and cannot be achieved without dealing also with transposition (i.e. how directives are incorporated into national law) and implementation (i.e. how EU legislation is applied in Member States).

The high number of new pieces of legislation and certain qualitative shortcomings have reasons which cannot be solved by “simplification” initiatives only. The EU is confronted with many differences that can affect the quality of the legislation that originates in European directives:

- The fact that there are still at least two levels of legislators (the European and national level, which can become more in federal states, not to mention the local level), each of them having different priorities, culture, attitudes, legal environment, competences and problems, and each working in a different socio-economic context. Many problems are more prominent or acute in some Member State than in others.
- The many languages which can give rise to misinterpretation of the original version of European texts (not everybody speaks/understand legal English/French).
- The absence of a European citizenship and a European legal system.
- Different quality of the administrations and judicial systems across Member States.

In addition, training at national level should be given to administrations, politicians, business organisations on the principles of better lawmaking and on the European legislative process. The national units responsible for the negotiations on European legislation should also be responsible for the transposition, as these persons are the best place to know in which context compromises have been concluded.

2.8. Energy, infrastructure and prices:

See: **UEAPME comments on “Energising Europe: A real market with secure supply”, the third legislative package on energy markets**

http://www.ueapme.com/docs/pos_papers/2007/071025_pp_EnergyPackage_final.pdf

2.9.1 Environmental regulations: please explain the importance of the issue, giving examples and evidence

The Flash Eurobarometer on “SMEs, resource efficiency and green markets” (342) stated that 92% of SMEs based in the EU-27 comply with environmental legislation. This is a good result. However it is important to evaluate the costs of compliance for SMEs. SMEs need external and in most of cases costly advice due to the complexity of the environmental regulations. In terms of time, long permitting procedures might also have economic repercussions on small enterprises.

In order to overcome this, SMEs would need a clear and favourable regulatory framework to have predictability and ensure their competitiveness. The EU and the national environmental legislation should be designed according to the Think Small First principle.

2.9.2 Environmental regulations: how can businesses themselves better respond to these issues

SMEs have to be able to comply with environmental regulations. If environmental regulations are too severe, SMEs cannot cope with their requirements on their own and need external assistance. In this line, the Environmental Compliance and Assistance Programme for SMEs (ECAP) under the auspices of DG Environment has been a good attempt in this direction. ECAP aims at enhancing the compliance of SMEs with environmental legislation. In spite of this, ECAP has encountered resistance at national level, which has greatly hampered its success. SMEs need certainty and thus a similar, reinforced programme in the general area of sustainability is deemed necessary.

2.9.3 Environmental regulations: what can policymakers do to address the issues at Member State, local or regional level?

Policymakers should make it easier for SMEs to comply with environmental regulations. They should avoid goldplating when transposing EU directives. They should avoid long permitting procedures and red tape, and ensure better coordination among different administrative levels. The better regulation principle should be applied by Member States, local and regional level as well (see the explanation below). The Flash Eurobarometer 342 reconfirmed the complexity of administrative and legal procedures linked to environmental legislation.

2.9.4 Environmental regulations: what can policymakers do to address the issues at EU level?

As already mentioned policymakers should re-launch ECAP with renewed impetus or ideally, set up a similar, strengthened programme. They should also start on initiatives similar to the High Level Group of Independent Stakeholders on Administrative Burdens on EU environmental law of 2009-2010 and take up the recommendations resulting from such initiatives.

EU Policymakers shall take the “better regulation principle” into account when legislating or planning to. They should work with Member States to ensure better regulation is applied at national level. Such a principle ensures unnecessary legislation, simplification and improving the existing regulations, limiting new legislation to the strict minimum and better designing new laws. New legislation should neither increase red tape nor cause additional financial burdens on SMEs. Consequently it should be based on the Think Small First principle and should be subject to the SME- test before being approved. Moreover, legislation should be based on reliable data and on the latest available statistics, avoiding setting targets based on ideology (i.e. EU waste policy).

2.10.1 Resource efficiency including recycling: please explain the importance of the issue, giving examples and evidence

Resource efficiency is extremely important nowadays for both economic and environmental reasons. SMEs start to be aware they have to use resources more efficiently since natural resources are scarce and become more expensive. Awareness campaigns on the need to be resource efficient among SMEs as well as technical assistance on how to achieve a more efficient use of resources are necessary in order to strengthen this trend. Moreover, traditional SMEs need to understand the advantages of resource efficiency and recycling in order to continue being competitive. Besides, resource efficiency and recycling have become important economic sectors and SMEs start entering this market. The sector has an enormous growth potential and can spur the creation of many new businesses.

It is worth mentioning that in order for SMEs to become resource efficient, a favourable framework as mentioned under point 2.9.1. has to be set up. Such a framework should foresee information, technical assistance, easier access to finance and availability of specialised skills.

2.10.2. Resource efficiency including recycling: how can businesses themselves better respond to these issues?

Although, the Flash Eurobarometer mentioned earlier showed that almost all SMEs are taking action to be more resource efficiency, there is still a lot of room for improvement.

Micro and small companies are not able to become resource efficient on their own. They first of all need to be aware that becoming resource efficient is a win-win situation in terms of cost savings and a new market. SMEs also need advice and assistance on how to put in place actions such as saving energy, minimising waste, recycling, saving materials, etc. Last but not least, easily accessible financing at local level must be available to allow SMEs to find resources to overcome the high upfront investments to become more resource efficient. Regional and local authorities should work with the SME representatives at local level in order to guarantee the general uptake of resource efficient practices among SMEs.

2.10.3. Resource efficiency including recycling: What can policymakers do to address the issues at Member state, local or regional level?

Another idea would be that policymakers work hand in hand with SME support organisations, which in turn would provide the adequate information to SMEs on the need to become resource efficient. Apart from information, specific advice adapted to each company could be provided through an “sustainable manager” within the SME support organisation or through specialised offices within the association providing tailored advice and assistance to these companies. Such initiatives could be partly financed by the structural funds.

2.10.4. Resource efficiency including recycling: what can policymakers do to address the issues at EU level?

It looks like the EU general policy framework on resource efficiency is in place. It is however vital to offer SMEs a key role in its implementation. The EU level should make sure that national authorities grant SMEs the role they deserve as SMEs represent 99% of EU companies and provide 67% of all jobs.

As mentioned above, Structural Funds could play a major role in the move towards a resource efficiency economy. The EU should also ensure an easier access to EU funds by SMEs. In this line, the Communication « A simplification agenda for the 2014-2020 MFF » published in February 2012 is a valid attempt in this direction.

2.11.1 Energy and climate policies: please explain the importance of the issue, giving examples and evidence

SMEs need clear policies. In the energy field, the EU published in the last years a wide range of roadmaps and action plans such as the Energy 2020 Strategy, the Energy Roadmap 2050, the European Energy Efficiency Plan, among others. Regrettably, the Commission fails to provide an overarching energy policy framework. As UEAPME, we expect that, when translated into concrete legislative proposals or revising existing legislation, such general policy intentions will be made concrete and straightforward for SMEs.

In this line, UEAPME welcomed the agreement reached in Trilogue on the Energy Efficiency Directive in mid June, in particular the rather positive framework for SMEs as energy users and as energy service providers. However, the large room for manoeuvre granted to Member States is to be regretted as it can jeopardise the creation of an internal energy market.

2.11.2 Energy and climate policies: how can businesses themselves better respond to these issues?

SMEs are key players in the move towards a low-carbon and resource-efficient economy and thus can significantly contribute to the Europe 2020 targets. As mentioned earlier, a favourable policy and regulatory framework would benefit SMEs and the society as a whole.

With the right support schemes in place, SMEs could enhance their use of renewable energy sources, become energy efficient and diminish their greenhouse gas emissions;

2.11.3 Energy and climate policies: What can policymakers do to address the issues at Member state, local or regional level?

We would like to ask Member States to urgently involve SME representative organisations in the implementation of the Effort Sharing Decision (406/2009/EC), which tackles the emissions from sectors outside the Emissions Trading Systems (ETS), most of which are SME dominated. UEAPME found out that some SME organisations at national and regional level are still not aware of the requirements that the Effort Sharing Decision puts forwards and that have a direct impact on their SME members.

Also with regards to climate policies, UEAPME would like to ask Member States and regional authorities to take on board the recommendations resulting from the joint project 'The employment impact of climate change policies' developed in 2011 by the European Social partners. Building from this initiative, national policymakers should also involve the national social partners in the mapping out of climate policies having an impact on skills and employment.

2.11.4 Energy and climate policies: what can policymakers do to address the issues at EU level?

The dialogue between the European Social partners on the effects of climate policies on employment should not be a unique initiative but be repeated in time. The aim would be to analyse the progress made at national and regional level on the issue.

2.12. International market access and global competition: please explain the importance of the issue, giving examples and evidence.

See: UEAPME position on the consultation document "Small Business, Big World – a new partnership to help SMEs seize global opportunities".

http://www.ueapme.com/IMG/pdf/110712_pp_internationalisation_final.pdf

2.14.1 Internal transport market: please explain the importance of the issue, giving examples and evidence.

The internal transport market is of key importance for the performance of the European economy as a whole and for the quality of life and prosperity of the connected region. Nowadays the road transport is the most convenient and direct way for the freight transport to connect small towns and big ones. Most transport, both passenger and freight, starts and end in urban areas and passes through several urban areas on its way. The transport sector is dominated by small operators and there has been a continuing trend for freight forwarding and sub-contracting to play an increasingly dominant role.

2.14.2 The internal transport market is well developed, however not to the same extent for all modes. Where do you see from an industry perspective priority areas of action?

Increasing demand for transport makes inevitable that the road transport sector experiences driver shortage. Actions to improve the situation are: promotion road transport's role in society and the employment opportunities available, information about entrance requirement and possible routes to become a driver, inclusion of social groups not traditionally associated with road transport, such as woman, migrant and older workers.

Should be enhanced the criteria of access to the profession by some measures such: harmonise controls checking the application of various rules spanning from social to fiscal and safety to ensure vehicle road worthiness, avoiding discrimination between larger and smaller companies; encourage preparatory and continuous professional driver training; encourage EU Member States to establish more secure parking areas for trucks.

The road freight transport sector is facing increasing taxation, charges and duties which have a negative impact on costs and profit margins, which in turn limit the capacity to invest in innovation.

2.14.3 There is a need for a more efficient use of the existing transport infrastructure, eg by improving interoperability, deploying intelligent transport system and developing clean and energy efficient vehicles infrastructure. Where do you see from an industry perspective priority areas of action?

Transport companies call upon the European Institutions to establish a common EU enforcement area to complete the common regulatory framework for road transport in the EU. Measures like: establish harmonised interpretations for all aspects of road transport legislation; adopt a common road side check form, valid throughout the EU and AETR region; full harmonisation of control techniques and requirements in the EU. The EC should encourage an alignment of EU penalty systems around commonly agreed criteria.

Cabotage: as long as there still exist enormous differences between EU member states in wages and taxation, any further opening of the national transport markets would damage transport companies. For national hauliers, cabotage is a threat to their existing.

Urban areas should provide efficient interconnection points for the trans-European transport. Urbanisation and its impact on transport is one of the main challenges in making the transport system more sustainable. There are the needs of EU recommendations to stimulate authorities at local, regional and national level to adopt the long-term integrated policies that are very much needed in complex environments. Ensure the efficiency of the European transport system through effective integration, interoperability and interaction is required.

To reap the benefits of sustainable urban mobility, in the internal transport market, investment is often needed in infrastructure, vehicles, new technologies, improved services and sustainable fuels.

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