



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

UEAPME assessment of the implementation of Commission Recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises by Member States

Introduction

On 3rd November UEAPME received a letter, dated 28th October 2008, signed by Mr. Zourek, Director General at the European Commission's DG Enterprise, asking us "*to forward [to the Commission], by 30 November 2008, any information on the results of the implementation of the Recommendation on the SME definition.*"

UEAPME warmly welcomes the fact that, contrary to the assessment in 2006, it is now involved in the consultation. However, it must remark that despite the adoption of the SBA the Commission, and especially DG Enterprise, once again did not respect the minimum standards for consultation.¹ UEAPME insists on a close co-operation and involvement in the coming months.

General comments

Through the consultation of its member organisations that UEAPME conducted no major comments or remarks were received on the SME definition as such and/or on the transition periods. In the few cases where problems were reported, they concerned purely national issues. This means that the SME definition is satisfactory, both at European and national level.

Nevertheless, UEAPME and its member organisations would like to put forward the following remarks:

1. No increase of the thresholds.

UEAPME and its member organisations are against any increase of the SME thresholds. Indeed, UEAPME has always considered the threshold of 250 occupied people as rather high as it covers already 99.8% of all enterprises and two-thirds of the European economy in terms of employment. Any expansion of that threshold would make it impossible to direct financial support to those micro, small and medium-sized enterprises needing it. So it may be clear that an increase of this threshold is unacceptable, as it may lead to a "watering down" of the notion of "SME" covering nearly every enterprise. The reasons mentioned in the 1996 Recommendation to keep the SME threshold at maximum 250 are still valid: "*Whereas the threshold of 500 employees is not truly selective, since it encompasses almost all enterprises (99,9% of the 14 million enterprises) and almost three-quarters of the European economy in terms of employment and turnover furthermore, an enterprise with 500 employees has access to human, financial and technical resources which fall well outside the framework of the medium-sized enterprise, namely ownership and management in the same hands, often family-owned, and lack of a dominant position on the market; Whereas, not only do enterprises*

¹ "a consultation period **longer than eight weeks** might be required in order to take account of: the need for European or national organisations to consult their members in order to produce a consolidated viewpoint".

between 250 and 500 employees often have very strong market positions but they also possess very solid management structures in the fields of production, sales, marketing, research and personnel management, which clearly distinguish them from medium-sized enterprises with up to 250 employees whereas in the latter group, such structures are far more fragile whereas the threshold of 250 persons employed is therefore a more meaningful reflection of the reality of an SME;"

It may be clear that it does not automatically mean that enterprises which exceed these thresholds do not deserve State or E.U. attention. But obvious growth problems for some enterprises in single Member States must not be overcome by European programmes.

2. A better control of the application of the definition in all EU programmes.

In the past years the Commission has taken measures to adapt programmes and policies to the new SME definition. The target of SME participation in the R&D Framework Programme, for instance, is 15%. However, until recently it was not checked by the Commission if an enterprise was really an SME, as it was only based on "self-declaration" of the applicant. UEAPME has stressed for years that a large part of these applicants are not SMEs (as they are a part of a larger company, etc.). In September DG R&D has finally agreed to check if applicants are really SMEs. As one third of all applicants turned up being "fake SMEs", the official SME participation dropped from 19% to 13% thereby releasing 700 million Euro for real SMEs.

Therefore a better control of the application of the SME definition in all EU programmes is a priority, without imposing additional red-tape to the "real" SMEs. As the aim of the new definition was to ensure that support measures are granted only to those enterprises which genuinely need them, UEAPME also reiterates its demand to the Commission to publish verified data on the SME participation in all EU programmes.

3. Lack of attention for small and micro-enterprises.

The existing category of micro-enterprises is not able to reflect labour market changes towards more self-employment (one-person-enterprises), which constitute according to the SME Observatory more than 55% of all enterprises.

This leads to the suggestion to even sub-divide the sector of micro enterprises for certain programmes within the CIP and other purposes of economic policy in order to better focus programmes and policies towards these enterprises. But this has to be decided on a case by case basis.

In general, we can only regret that despite the clearer definition of small and micro enterprises which has been introduced by the Recommendation this has not been followed by more targeted programmes at Community level for these enterprises, neither it has been followed at European level by a statistical and economic analysis of the different categories of SMEs, as also requested by the European Parliament, and especially not of the smallest ones. Moreover, no analysis has been conducted about the benefits the different categories of SMEs gain from European programmes.

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