



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
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UEAPME expectations on the proposal for a European Small Business Act

UEAPME warmly welcomes the announcement made by the European Commission to examine a range of initiatives to back SMEs, in the form of a Small Business Act for Europe in 2008.^{1 2} It is an important step in the continuous engagement of this Commission towards SMEs.

UEAPME has already delivered a first input paper to the SME Envoy on 28 November.

This second document is the result of an extensive consultation of all UEAPME Member Organisations and is meant to give the Commission a clear view of what SMEs and their representative organisations expect from the European Small Business Act (SBA).

A. Political context

1. Objectives and criteria

The aim of the SBA should be:

- to create the best possible environment for micro- and small enterprises (see European Small Business Charter), and
- to give a concrete answer to the different challenges SMEs are facing along their life-cycle.

It should be geared by **respect** for the entrepreneurs and for their invaluable contribution to society.

The SBA package must respect the following **criteria**:

- It must lead to mainstreaming SMEs in all relevant EC policies (horizontal and sectoral) and to a “holistic” approach in which all policy aspects and consequences of new rules for SMEs are properly taken into consideration, irrespective of the DG responsible for the legislative procedure. Consequently, it must develop specific concrete policies towards SMEs.
- The SBA should be addressed **to all SMEs** (as per the European definition). However, their diversity, their specificities and the needs of the different categories (crafts, micro, small, independent workers, family enterprises, liberal professions...), sectors and their place and situation in the value chain should be duly taken into account.

¹ Communication from the Commission (COM(2007)592) of 4th October 2007: “Small and Medium-sized enterprises – Key for delivering more growth and jobs – A mid-term review of Modern SME policy”.

² Communication on “A single market for 21st century Europe” (COM(2007)724) of 20th November 2007.

- The SBA framework should be based in the first place on the aims and objectives of the European Charter for Small Enterprises and its action lines, on the best practices implemented in the Member States so far on the basis of the Charter, together with the conclusions and proposals of the different Craft and Small Enterprise Conferences, and especially the Stuttgart Conference as well as the different reports on SME policy drafted by the European Parliament and the European Economic and Social Committee.
- The SBA should not only target the European Institutions but also Member States and regions. As such it should also be a tool for Member States and regions to enhance their performance in the field of SME policy at national, regional and local level.

2. Establishment of legally binding instrument

The core of the SBA should be a legally binding instrument, which should also serve as a legal basis for further legislative proposals (including the basis for pilot projects).

The legally binding part of the SBA package must contain the following provisions and/or principles:

- Implementation of a real “**think small first approach**”, meaning that measures and legislation should be conceived from the point of view of small enterprises, taken as the rule, not as the exception. Furthermore, all measures to simplify existing legislation and administrative procedures should also use this “think small first” approach.
- Representative SME organisations should participate in **every advisory committee** at regional, national or European level on issues that can have an impact on SMEs (including social dialogue). They should also be officially represented within the Commission delegation in international missions and in international dialogue instruments (e.g. EU-China dialogue).
- **Systematic, specific, real and independent impact assessments³ for SMEs**, taking into account the different categories, for every new legislative proposal and including amendments made by the Council or the European Parliament. The impact assessments (cost-benefits) must be published together with the consultation document and should be an entire part of it.
- Systematic **consultation** of the representative business organisations in all policy fields, as the main source of stakeholder consultation (min 12 weeks, starting from the date **all language versions** are available).
- **Introduction of the “only once” principle** (*Enterprises should not be obliged to provide all over again information that the authorities have already received by another route*) at all levels (European, national, regional and local level).
- **The proportionality principle** should be applied as a basic rule whenever SME policy is concerned and particularly in the framework of environmental policy. This principle means that SMEs should be treated differently according to the level of dangerousness of their impacts.
- The needs and particularities of SMEs have to be taken compulsory into account in **all relevant policies, programmes and negotiations** at EU and national level.
- **Screening of pending legislation** with the aim to withdraw all proposals, which have major negative effects on SMEs.

³ See UEAPMEs position paper “General reflexions on business impact analysis” dd. February 2002.

- **Screening off legislation into force** with the aim to modify or repeal legislation that is too burdensome or superfluous from an SME point of view.
- Further reflection is needed on the **introduction of a safeguard principle**, as foreseen in the US SBA. This means that no legislation or measure can be taken if it goes against the core interests of SMEs or can harm them seriously.
- **Data based policy**: reintroduction of the European SME Observatory, research on SME relevant issues; promotion of better knowledge about SMEs.
- **Scoreboard / annual reporting** on progress/implementation made by Commission and Member States.
- Support/promote the creation of **structures and competences** in the field of social and economic partnerships (including social dialogue).
- **A bi-annual SME survey** on SME problems as regards the internal market – barriers, unfair competition, need for support, which could help to bring SME policy closer to reality and helps the Commission but also us to argue the SME case.
- Operational programmes: using the already existing programmes, which must be **reoriented and restructured towards the needs of SMEs**.
- At EU level there is already an informal **dialogue between bank and SME** associations, organised and moderated by DG ENTER. This could become a formal dialogue, which could take place twice a year with the following aims: discussion actual development, needs of action, following implementation of EU programmes.
- The introduction of a **burden-benefit-assessment** on each additional requirement asked from **food producing** SMEs in particular but also from manufacturing and processing SMEs in general.
- Ensure that the interests of SMEs are taking into account in the **bilateral and multilateral negotiations** and to support SMEs in increasing their ability to compete in international markets as well as in the internal market.
- Ensure that the representative SME organisations are represented in the **EIB, EIT, ILO**.
- SMEs have to be protected against too many and too often requests for **statistical information**.
- To recognise fully and support the valuable and irreplaceable **role of the intermediary representative SME organisations** in the field of **support, accompaniment and advice**.
- The appointment of an SME Envoy in DG ENTER has significantly increased the commitment of the Commission towards SMEs. To increase and improve its functioning, SME correspondents should be appointed in all the different DGs (a sort of “**office of advocacy**” which should report and inform the SME-Envoy in DG Enter).

If the Commission wants to be credible and sustainable in its commitment towards the SME-community, the core of SBA has to be a legally binding instrument, containing the objectives, criteria and principles set out before.

B. Existing Programmes

The existing European programmes must be reoriented and restructured towards the needs of SMEs (including the kind of codification used). All European programmes should in principle be open for SMEs and the different programmes need to be made more accessible for SMEs and SME organisations (including reduction of red tape, faster reimbursement). Furthermore, there is a need to screen existing programmes in order to better respond to the needs of SMEs.

- A bad example therefore is the **EuroStars Programme**, which is only open for SMEs with R&D expenses of minimal 10% of turnover. This means it is exclusively for high tech SMEs in nano, aero etc. and not suitable for SMEs at large. This percentage should be reduced to 5% to open it for all high-tech SMEs.
- The financial instruments in the CIP have to be reviewed and adopted to new market needs for SME finance. The **CIP should become more flexible to new market needs** and should be used to pilot new instruments like **guarantees for mezzanine instruments to finance business transfer and innovation**.
- The midterm review of FP7 should be used to **redistribute unused “SME money”** from the “cooperation” budget heading (15% for SMEs) **to the crafts and collective research pillar**, where small enterprises are very successful, but the available budget is too limited.
- A **minimum amount of 25% of all state aid should be reserved for SMEs**. According to statistics from DG COMP, only 12% (EU average) of all State Aid granted by Member States is for the sole benefit of SMEs.
- The Business Support Programme (BSP) should be maintained and reconducted in its present form. BSP I + II have significantly helped SMEs organisations from the New Member States to better understand and apply the “acquis communautaire” as well as improve their service providing capacity to their member SMEs. BSP III is currently implemented and will significantly help to strengthen the SME-organisations from Bulgaria, Romania, Croatia and Turkey. It would be essential for the SMEs and their organisations from the Balkan to also benefit from a BSP-like programme to be able to develop in the same way.

C. New Actions

1. Measures to promote the entrepreneurial spirit, culture of enterprise and access to competences

Small enterprises need efficient IPR protection to foster their innovation efforts and to protect them against unfair competition from outside the European Union.

The violation of intellectual property rights causes huge economic damage. The EU should intensify the exchange of information as well as technical and political cooperation with problematic countries in this respect (China, India, Vietnam etc.). From the side of SMEs there is a very high need for information, which must be very concrete. As most SMEs that are active abroad do not have a representative there, it is indispensable that SMEs have **access to the necessary information concerning foreign IPR protection in their home countries**. However the main problems which SMEs face in gaining patents are the high costs of patent granting and litigation.

- **Reduced fees should be introduced for SMEs** and we urge the Commission to introduce a **patent litigation insurance system for SMEs**.
- Some EU member states customs services are also lagging behind in the fight against **counterfeiting**.⁴ There is an apparent absence of political will to tackle the problem. Public-Private Partnerships in this field have proven their utility in some member states. In addition, the EU permanent representations could be used to inform about evolution and trends in the field of counterfeiting as already foreseen in the US, through the creation of a global task force, coordinated by the Federal Trade Department / Custom Department.
- The SBA must include a **new proposal to solve the long-lasting deadlock on a Community Patent** including the proposal for one working language, English.

SMEs need better skills and enhanced mobility opportunities

Due to the demographic changes and the shrinking of the working population, SMEs have strong difficulties to recruit qualified workforce. Public authorities should put more efforts in making Vocational Education and Training more attractive for young people. This should be achieved notably through:

- The setting up of an “ERASMUS style programme” for apprentices and young people in initial vocation training based on the outcomes of the pilot projects and preparatory measures decided by the European Parliament.
- The inclusion of entrepreneurship in general education schools as well as in technical training and business studies taking into consideration national best practices developed in vocational education and training.
- The use of practise-oriented education and training schemes such as vocational training in alternation as a reference for a smooth transfer from school to the world of work.
- The support for national implementation of EQF and ECVET by further practise testing and involvement of stakeholders.
- The reinforcement of relationship and cooperation between Businesses and Universities as well as Higher Education Institutions – with the creation of networks at all levels.
- Language and ICT skills of SME entrepreneurs and staff must be improved through awareness-raising and training.
- The skills potential of immigrants has to be fully used and support schemes have to be set up in order to enable them to acquire missing skills in order to ensure their integration in the economy (as employee or entrepreneur).

Small enterprises need a more protective environment

Small enterprises are one of the **major victims of organised international and cross border crime** (counterfeiting, hold-ups, theft of lorries, construction machinery and tools etc.) and theft in

⁴ See: Community wide statistics 2005:
http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm

retail stores. The necessary tools should be developed to help SMEs and there should be a better co-operation between the responsible authorities.

As regards consumer protection, legislation in general should not contain the presumption that small retailers and service providers have strong negotiation power and are the strongest party in contracts with consumers.

The concrete content of the **Single European Payments Area (SEPA)** will influence the ability of SMEs to compete in national and international markets. Therefore the necessary regulatory power has to be ensured in order to avoid the emergence of any monopolistic structures, especially in the field of card payments (hardware, acquiring banks, system operators).

Small enterprises need a level playing field as regards international trade

In the area of industrial and commercial goods as well as services, the internal market of the EU is one of the most open and most transparent markets of the world. That is why it is obvious and comprehensible that the bargaining position of the EU vis-à-vis of its trading partners must be an offensive one, so as to create comparable market access conditions for European firms on foreign markets. However, there are sensible sectors in Europe which are in danger even after accomplished restructuring, especially due to external causes. They notably suffer from different competition conditions (different norms and standards, non-respect of intellectual property rights, illegal subsidies, etc.). **In such emergency situations it should be possible to take temporary “protective” measures.**

The **existing trade defence instruments** such as anti-subsidy and anti-dumping need to be **better adapted to SMEs**. It is nowadays very difficult for SMEs to lodge a complaint due to the amount of information required to prove the damage suffered and the high costs involved.

Anti-dumping complaints require such an amount of bureaucratic procedures and costs that SMEs cannot afford to file such complaints themselves. The result is that Trade Defence Instruments do not protect SMEs at all. Therefore SMEs need systematic support of the EU Commission in preparing and filing complaints. Queries by the EU Commission must be reduced to few pages, and the deadlines for responding must be extended. Representation by lawyers cannot be afforded by SMEs. Also additional transparency of procedures is lacking.

If an SME receives an anti-dumping complaint in third markets, the Commission should assist SMEs (with consultancy, financial support...) in defending themselves against this complaint because only large enterprises are able to defend themselves at the moment. SMEs otherwise risk losing foreign markets, even if the complaint is not justified.

To solve the problems SME encounter in the field of **multilateral commercial relations**, a **“SOLVIT” like system** should be created.

Europe’s Trade Defence system must be reviewed and must take into account the “think small first” principle. On the basis of the responses to the December 2006 public consultation, the Commission needs to put forward concrete proposals as soon as possible.

Small enterprises need more support in the field of transfer of business.

The SBA should contain the provision that the 1994 Recommendation of the Commission on the transfer of business and the 2006 Communication have to be fully implemented in the Member States.

The CIP should be used to pilot new instruments like **guarantees for mezzanine instruments to finance business transfer and innovation.**

The GBER has to provide rules for state aid for business transfers.

The economic situation of SMEs has to be taken into account

The EU should take more into account that SME owners or retired entrepreneurs live in poverty. Research and reflection to tackle this problem is necessary.

The SBA package has to build further on the proposals mentioned in the recent Communication on business failure.

Reform for a European food legislation based on the “think small first” approach

Small enterprises producing and distributing foodstuffs need an appropriate legislation. Most of all foodstuffs in Europe is produced and distributed by SMEs. Variety and a balanced diet are only guaranteed by SMEs. A balanced diet is the basis of health and taste. The only way to keep the immense variety of products in Europe is a well balanced approach in the fields of hygiene, traceability and labelling. SMEs are worried about any legislation on hygiene, traceability and labelling which obviously is designed to meet the needs and possibilities of multinational food producing enterprises. E.g. any requirement of labels including a “nutrition profile” is not appropriate to SMEs and impractical for them. Consequently, foodstuff produced in craft enterprises will be more and more ousted by standardised foodstuff. This is an avoidable perspective, if the right measures are taken.

- Therefore, the SBA must recognise SMEs as the backbone of food variety in Europe. Additional requirements don't necessarily improve the situation.
- SBA should ask for a burden-benefit assessment on each additional requirement asked from food producing SMEs.

2. Access to markets and clients

Taxation is still a main barrier for cross-border business within the internal market

Enterprises in Europe are confronted with up to 27 different tax-rules, if they want to do cross-border business in Europe. This means especially for small enterprises exorbitant compliance costs caused by the differences in the VAT administration and the different company taxation regulations.

Furthermore, small enterprises do not have the capacity to do creative “tax engineering” and therefore have to pay higher effective tax rates than large enterprises, which creates a competitive disadvantage for the smaller ones.

- The SBA should include a strong commitment by the Member State to **extend the recently adopted “VAT package”**, especially the one-stop-shop, to **all services provided cross border** without having an establishment in the other Member States and **to elaborate on further administrative simplifications**, in order to reduce further the VAT compliance costs for cross border activities.
- UEAPME deeply regrets the failure of the pilot project on “Home State Taxation for SMEs” and asks the European Commission **to explore again with the Member States possible solutions to reduce the tax compliance costs for small enterprises** that have or plan to have establishments in other Member States.

- The European Commission announced a proposal for a “**Common Consolidates Company Tax Base (CCCTB)**” for 2008. This proposal **must include also small enterprises** that have cross border establishments and want to consolidate there tax bases.

Measures to facilitate the access of small enterprises to the public procurement market

The public procurement market represents more than 15% of the GDP of the European Union and is highly relevant also for small enterprises. Studies show that small enterprises are underrepresented at this market and cross border activities are still at a very low level.

- The European Commission should **elaborate an interpretative document**, which summaries **good practices** in Member States, which facilitates the participation of small enterprises and which gives an overview on **support measures** for small enterprises, which are **conform to the existing legal framework**.

- The SBA act should include a **strong commitment by Member States** to take measures at all levels, which could **facilitate the access of small business** to the public procurement market.

UEAPME has already provided to the European Commission a **list of good practices**⁵ to support the access of SMEs to the public procurement market. This document could be used as a basis for both, an interpretative document and for commitments made by Member States.

SME should use the better the potential of the Internal Market

It goes without saying that the Internal Market is not a reality yet for SMEs.

- The **European Private Company statute** can be useful mainly for SMEs working in border regions, for those operating in highly specialised markets, and for those which are already active internationally.

To be really an added value for SMEs the statute should be targeted **only** for them. It must be avoided that the EPC is accessible to big companies as in this case it should contain norms that are mandatory for them but not necessarily applicable to SMEs. Consequently there will be no interest for SMEs to use such an instrument containing more burdens then advantages for them.

Moreover, it should not refer to national legislations and only contain provisions coming from European law.

- A European framework for company law and accounting is essential to ensure sustainable growth of SMEs and enable small entrepreneurs to seize the opportunities of a Single Market.

Small enterprises need support to access foreign markets

Only 8% of SMEs are involved in export, although many SMEs are involved in “indirect export” activities. This shows that there is a clear need to help European SMEs access foreign markets. UEAPME calls upon the Commission to make SME internationalisation a priority within the Small Business Act.

UEAPME also stresses the need to put forward concrete actions to increase the access of European companies to non-EU markets.

- First of all they need better access to information and qualified advice when considering going international.

⁵ http://www.ueapme.com/docs/pos_papers/2007/071003_SMEProcurement_UNIEP.pdf

- More efficient export tools are necessary as the existing tools are not fully exploited by SMEs. A clear example is the Market Access Database (MADB), which is a too complex online database for a small company. Besides, SMEs need to quickly and efficiently report on the trade barriers they face. Therefore, a new and user-friendly complaint register should be put in place as soon as possible.
- The organisation of general and sector specific transnational cooperation events to find the right partners is a strategic tool in order to help SMEs succeed in foreign trade. This could be achieved by a re-uptake of an INTERPRISE-type programme and by the organisation and implementation of transnational cooperation events.
- Progress must be made in bilateral and multilateral trade negotiations for further reducing tariff and non-tariff, tax and regulatory barriers to trade. Especially protection against unfair competition should be strengthened.

Access to finance: new answers to new challenges

A new regulatory framework for financial service providers (CRD, state aid rule, etc) and market developments (privatisation, increased competition, etc.) have changed the conditions for SME finance in Europe. The private financial sector became more risk sensitive and is less and less able to provide smaller enterprises with finance for “riskier projects”, such as start-ups, innovation, internationalisation and business transfer.

The 5th Round Table between banks and SMEs has shown that the private market is not able to provide risk capital below 5 Million Euro and loans for risks above normal risks, which creates problems especially for small enterprises.

- The current CIP must be reviewed and adopted to new market needs for SME finance. **The CIP should become more flexible to new market needs** and should be used to pilot new instruments like **guarantees for mezzanine instruments to finance business transfer and innovation or new facilities for micro-credits.**
- **Member States must commit themselves** to use financial resources (cohesion funds, regional funds or national means) to **extend their own programmes** for the support of access to finance for small enterprises by **micro-credit schemes, guarantee schemes and via their promotional banks.**
- The European Commission should adapt its state aid rules to the new instruments facilitating access to finance. This includes a provision for state aid for business transfers in the “General Block Exemption Regulation” and **new provision for guarantees** in the up-coming “Notice on Guarantees” targeting new instruments like **junior loans, silent participation and other forms of “quasi-debt” mezzanine instruments.**

Small enterprises need public support to implement the flexicurity concept

Small enterprises are in a double way challenged by the flexicurity concept, which provides in a common understanding of the European Social Partners and the European Institutions a good balance to tackle the current challenges as regard the adaptation to change, the modernisation of labour markets and the creation of more and better jobs. Firstly, small enterprises have to bear most of the constraints of the economy because large enterprises are transferring flexibility constraints towards small suppliers and services providers. Secondly, small enterprises are not able to provide security on their own. The combination of these two factors does not contribute to make SMEs sufficiently attractive as employers and creates additional obstacles for SMEs to recruit high qualified workforce.

- The SBA should **encourage national and regional authorities in close cooperation with social partners** to provide small enterprises with institutional financial solutions for continuous training **providing security for employees but also for small employers above the company level** (public or semi-public institutions such as chambers, jointly managed social partner funds, etc.).
- Small enterprises are suffering from a **training offer not adapted to their specific needs. A tailor made training offer conceived for the needs of small businesses should be available on the market at affordable prices.**
- Support SMEs with tailor made consultancy concerning internal flexibility (e.g. working time models), which might enable SMEs to offer better conditions in the field of work-life balance.
- Since lifelong learning is one of the four pillars of the flexicurity concept, Member States in close cooperation with social partners are encouraged to intensify their engagement for lifelong learning. Measures supporting lifelong learning should be integrated as part of the European flexicurity principles in the **new Lisbon Guidelines** and implemented in the up-coming **National Action Plans**.
- Small enterprises need more flexible labour markets to facilitate the hiring of staff. This will be notably achieved through flexible and reliable contractual arrangements another of the four pillars of the flexicurity concept. According to the joint analysis of the European Social Partners ⁶, Member States should review and if necessary adjust the design of labour law, job protection systems and, together with social Partners collective bargaining practices

Small enterprises need support to exploit fully their potential to innovate

The new framework for state aid for R&D and Innovation recognises for the first time existing market failures in the area of SME innovation and allows a full variation of instruments to compensate for them: start-up finance for innovation SMEs; SME bonuses for R&D but also for prototypes etc.; innovation support services; access to existing technologies (patents and licences); hiring of high qualified personal; support of SMEs within clusters.

The SBA should be used to make these new possibilities a reality by providing programmes using these opportunities.

- The possibilities provided by the **7th Framework Programme and the CIP** have to be fully used to improve innovation support measures for small enterprises.
- The midterm review of FP7 should be use to **redistribute not used “SME money”** from cooperation (15% for SMEs) **to the crafts and collective research pillar**, where small enterprises are very successful, but the available budget is too limited.
- The SBA must encourage national governments to **review their innovation support measures** with the aim to adapt them to the new possibilities provided by the R&D&I Framework; i.e. innovation support services; hiring of high-qualified personal, innovation in services and transfers of technology.
- Member States has to be encouraged to develop **new financial instruments to support innovation in small enterprises** like repayable advances.
- The up-coming “general block exemption regulation for state aid” (**GBER**) **has to include the innovation support measures for SMEs**, defined as safe-harbour measures in the R&D&I Framework.

⁶ See: « Key challenges facing European Labor Markets : A joint analysis of European Social Partners ».

Make the EIT - European Institute of Innovation and Technology - SME-friendly

- SME-representatives should be represented in the decision making-committees of the EIT. Furthermore the Knowledge and Innovation Communities (KICs) should show potential to not only generate "High-Tech-SMEs" but also sustainable SMEs with potential for continuing innovation.

Small enterprises need support to exploit their full potential on energy saving and environmental protection

The European targets as regards energy efficiency and energy saving and environmental protection will only be achievable, if the saving and protection potential of small enterprises will be exploited. Studies show that small enterprises are not aware about their energy saving potential. In the area of energy then, it should also be considered that an overwhelming majority of micro and small businesses has an energy intensity of about 3 to 4%, which reduces the economic incentive to invest in energy saving.

- The **draft community guidelines for environmental aid** provides aid intensities for energy saving and environmental protection investments up to 80% for small enterprises, but does not force special provisions for consultancy and advisory services, which are indispensable to make such investments happen. The guidelines **must include aid for such services at the same intensity**.
- Energy saving investments compete with other investments (production, new products, etc.), which have a higher return on investment and small enterprises have only limited resources for investment. Therefore, the SBA should include **additional financial instruments (CIP, EIF, EIB, national instruments) in the form of guarantees to finance such investments** with crowding out other, more important, investments. This is even truer for environmental protection investments, which have much lower or even zero return on investment. Therefore, additional measures like tax reduction, subsidised (micro-) loans and guarantees provided at national or European level are needed.

Small enterprises in the labour intensive service sectors suffer most from unfair competition through undeclared work

The high level of undeclared work, which is still on the rise in some Member States, is a real threat for small enterprises. Undeclared work is a complex phenomenon based on various causes. However wrong incentives from taxation and social protection systems as well as shortcomings as regard wage differentiation as a result of inadequate social benefits schemes are the main drivers for bypassing the rules of the legal labour market.

- The SBA should include a commitment of the Member States to examine and, where needed, **review their taxation and social protection systems with the aim of identifying disincentives for legal work** and to adapt them with the aim of **making legal work pay**.
- The SBA act should **invite social partners to analyse the causes of undeclared work** more carefully and **to set up common proposals** for the reintegration of such jobs in the official labour market.
- The current pilot project on **reduced VAT rates for labour intensive services**, which is implemented by 18 Member States and will end by 2010 provides an efficient instrument to tackle undeclared work. The SBA should aim to make this instrument **a definitive option for all Member States**.

- The SBA should invite the Member States to **improve their control system** (e.g. connecting databases: enterprises register, tax control) **for sanctioning illegal activities.**

Small enterprises need access to affordable insurances

There is a strong need to open up the European market of insurances, to allow SMEs to offer cross border services in a level playing field. The necessary measures have to be taken that business insurances are available on the market at affordable prices.

3. Measures to reduce the administrative burden for SMEs and better regulation

In order to make better regulation a reality for small enterprises, regulatory reforms must respect fully the “Think Small First” principle and all concrete measures have to be carefully and independently assessed. UEAPME expects from the SBA some concrete initiative, which influence really the daily live of small entrepreneurs.

Standardisation and certification systems must be adapted to the needs and means of small enterprises

Due to the support provided by DG Enterprise via the CIP programme, the participation of SME (NORMAPME) in the European Standardisation Process improved remarkably. Nevertheless, there are still shortcomings as regards the recognition of the needs and possibilities of small enterprises, which should be solved by a clear commitment of all European Institutions in the framework of the SBA:

- The CE marking of unique and made to measure products up to a certain value (i.e. less than 50K€) is uneconomic and does not contribute to consumer safety since the unique products are ordered on an already existing trust basis of proximity and personal contact. Thus the **CE marking of these unique, made to measure products should not be compulsory, declaration of conformity by the manufacturer should suffice.**
- **Simplified procedures for CE marking for small series production** should be guaranteed through the accreditation and conformity assessment systems established under EU legislation.
- The balanced **representation of SME representative organisations** in European and international standardisation **technical committees and their right to vote in these technical committees** should be guaranteed by European Legislation on the standardisation system. Due to financial constraints the representation of SMEs is even more absent in the international standardisation areas such as ISO and IEC.
- European and national standardisation bodies should also be obliged to make **SME impact assessments on standards** elaborated or amended by them.
- Simplicity of standards written with the “Think Small First” principle should also be established in the European Legislation on the standardisation system. **Simplification manuals and training of SME standardisation experts** should be provided through European and National coordinated actions with sufficient funding.

Small enterprises have difficulties to deal with environment regulation

Many small enterprises have no specific environmental policy in place; they do not understand the existing regulations and are not aware of any environment management systems. Moreover, both are seen as too complicate and too costly.

- The SBA should include a political approval on a **quick and full implementation of the proposed European Compliance Assistance Programme (ECAP)** at European and national level, in order to help small enterprises to understand and to apply environmental legislation. Especially important are the initiatives in the programme for better regulation and for making environmental regulation schemes more accessible for SMEs. There is however unfortunately not yet any focus on micro enterprises in the programme but only general references to SMEs. The programme would benefit from also taking the special problems and needs of micro enterprises into account.
- As regards the ongoing reflections on sustainable production and consumption, small enterprises are worried about **concepts such as “dynamic performance requirements” and “resource and material efficiency targets”**, both represents a **clear violation of the “think small first” principle** and small businesses will not be able to implement such policies. Although the background document on sustainable consumption and production is vague regarding the design of a system, there are potential problems with this approach that must be taken into account. These include problems with choosing a frontrunner in each product category, the risks of hampered investments because of uncertainties about future dynamic performance requirements and the increased administrative burdens for SMEs due to verification of compliance. These problems deserve to be highlighted and it is very important that the situation for SMEs is acknowledged through consultation schemes and comprehensive impact analyses.

4. Dialogue with SMEs

- Representative SME organisations should participate in every advisory committee at regional, national or European level on issues that can have an impact on SMEs.
- Develop stronger and more effective representation of small enterprises’ interests in the social dialogue at all levels.
- Consultation time of the stakeholders must be extended to minimum 12 weeks.
- The added value of the opinion of the representative organisations has to be recognised in the consultation process as well as in the dissemination process. Internet consultation should only be used to obtain additional input.
- While respecting the social partners’ autonomy, governments should ensure that SMEs are properly represented and as much as possible involved in the wage negotiation discussions.

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