



"The voice of crafts and SMEs in Europe"

Small Business Act: "Think Small First" at last!

UEAPME praises EC efforts, urges Member States to fully embrace the principle, announces "Think Small Test"

Brussels, 25 June 2008 – Despite some shortcomings to be redressed in the next months, the "Small Business Act" published by the European Commission today (Wednesday) has the potential to shift SME policy up a gear, according to UEAPME, the European craft and SME employers' organisation. The organisation praised the central role given in the Commission's proposal to the "Think Small First" principle, and announced its plans for a "Think Small Test" assessing the progress made every year by the EU institutions and by Member States in this respect. It was also pleased by the ten policy principles underpinning the package, which are largely in line with its requests in the past months. However, UEAPME was less satisfied with the minimum stakeholder consultation periods, which were reduced to 8 weeks, and with the perfectible wording of the SBA on environmental challenges and on innovation. Moreover, UEAPME warned about the lack of financial support to back the Act's ambitious aims, which will have to be attained largely through pre-existing instruments such as CIP and FP7.

"The Commission's decision to single out the 'Think Small First' idea as the guiding principle of the Small Business Act and the SME policy leitmotiv is a very sensible one", said Secretary General **Andrea Benassi**. *"Europe's craft and SMEs account for 99% of all businesses, so it makes perfect sense to conceive legislation with smaller realities in mind since the very beginning. The European Commission is moving today from a logic that sees SMEs as exemptions to a stronger, more solid theoretical approach that will quickly bear fruit if fully endorsed also at Member State level",* he continued.

According to the SBA, the EU and its Member States will systematically take into account the reality of crafts and SMEs when designing new rules and when revising the existing ones. Impact assessments will be a crucial tool in this respect, but studies should focus specifically on the impact on small businesses. Unfortunately, this has been the case for only 3 out of 160 impact assessment studies carried out so far, stressed Mr Benassi. No-one is better placed to comment on the consequences of legislation on SMEs than representative business organisations, whose role seems to be underestimated by the EC, he said. UEAPME also warned against the decision to reduce to 8 weeks the minimum EU-wide consultation period for stakeholders before proposals having a potential impact on businesses are made. *"Consultations carried out in less than ideal conditions will lead to less than ideal results and ultimately to less than ideal rules",* said Mr Benassi.

Some other aspects of the text also require further attention, continued Mr Benassi. For instance, a chapter on environmental challenges for SMEs is considerably shorter than what is needed, to the point that no mention is made in the text of the recently adopted Environmental Compliance Assistance Programme (ECAP), which the organisation considers as the most important tool to translate environmental challenges into opportunities for SMEs. Unless quickly redressed, this weakness risks outbalancing the benefits of the revised guidelines for environmental state aid included in the text, warned UEAPME. Moreover, the definition of "innovation" used by the Commission in its text is still too narrow and focused mainly on pure R&D and technology-based improvements. This is not in line with the non research-based, process-oriented reality of EU's crafts and SMEs, only a handful of which will actually benefit from the text if it stays in its current limited form.

Finally, UEAPME criticised the lack of a legal basis for additional funding instruments in the Small Business Act, which builds upon the main existing support programmes such as FP7, CIP and structural funds, part of which are earmarked for crafts and SMEs in any case. *"The lack of additional funds to implement the SBA is a worrying signal – we call on the Parliament to redress this situation and promote pilot projects, assuming a suitable legal basis is found",* said Mr Benassi.

Mr Benassi also announced the intention to launch an annual UEAPME "Think Small Test" in cooperation with its members all over Europe and with the input from international specialised organisations (OECD, EIB, ILO). The test will monitor the follow-up to the SBA and the concrete application of the ten policy principles at EU and Member State level.

"The policy principles presented today by the EC cannot remain a dead letter. If Member States do not follow suit and benefits are not transferred to Europe's small entrepreneurs, today's words will ring hollow for us", concluded Mr Benassi.

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EDITORS' NOTES: UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 86 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information: <http://www.ueapme.com/>

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