

	<p><b>1. How could the Commission strengthen its actions, initiatives in key policy areas?</b></p> <p><b>2. What new policy/legislative actions would usefully contribute to achieving SME-friendly goals in these policy areas (see previous question)?</b></p>
<p><b>Enhancing the implementation of the 'Think Small First Principle'</b></p>	<ul style="list-style-type: none"> <li>- Facilitate SMEs' participation in public procurement and better use State Aid possibilities for SMEs: the UK Government intends to increase the lowest limit from 15% to 25% for SME public procurement participation. In CEE, this figure is even less.</li> <li>- As most European SMEs start out as one person starting a business, the interests of the self-employed should be a top priority for the European Commission when applying the Think Small First Principle. A recent decision to regulate working hours of the independent self-employed is clearly not in line with this principle.</li> <li>- The Commission should have a role in promoting the Think Small First Principle at regional and local level.</li> <li>- It is widely acknowledged within the European institutions that SMEs differ substantially from larger businesses. As a logical next step, the EU must now make a clear distinction between micro, small and medium-sized enterprises by providing official definitions to be applied cross-DG</li> <li>- The Commission claims to be applying the SME-test widely in Impact Assessments on policy proposals which are likely to have an impact on SMEs. However in ESBA's opinion, the SME test is in most cases not carried out thoroughly, reduced to a single sentence in the impact assessment or not present at all. This should change. A comprehensive (standardized) test should be carried out each time, the results of which should be clearly visible in the IA.</li> </ul>
<p><b>Promoting entrepreneurship, especially among women</b></p>	<ul style="list-style-type: none"> <li>- The European Commission should consider creating a role model based on the honest European entrepreneur</li> <li>- ESBA supports the Commission's efforts in creating a network of female entrepreneur ambassadors. ESBA encourages the Commission to maintain close contact with business organisations regarding this topic.</li> <li>- Business organisations should be encouraged to put forward a candidate for above-mentioned ambassadorship</li> <li>- ESBA suggests for the Commission to make available funding opportunities for national business organisations to be used for media campaigns promoting entrepreneurship on Member State level</li> <li>- The Commission should focus more on entrepreneurial education. In CEE, entrepreneurial education is US-style and perhaps too heterogeneous. While there are excellent policies in Slovenia, Croatia and Poland, academics are still reluctant to acknowledge entrepreneurship as a real science. On the other hand, according to the Bologna system, many universities are trying to teach entrepreneurship only at undergraduate level aiming to educated high-level degree entrepreneurs. Entrepreneurship is not yet taught at the postgraduate level.</li> <li>- As the number of Europeans who would prefer to be self-employed remains unchanged (45%), the Commission should re-assess its approach i.e. SME Week, Erasmus for Young Entrepreneurs scheme, involving small business organisations in the process.</li> <li>- Increase efforts in communicating/raising awareness of the opportunities of the green &amp; digital economy for (starting) entrepreneurs. Would-be entrepreneurs are insufficiently aware of the opportunities</li> <li>- The European institutions should actively address the stigmatization of unsuccessful start-up businesses e.g. by stimulating banks to support entrepreneurs in their ambition to restart business activities.</li> </ul>
<p><b>Integrating SMEs into the Digital Agenda for Europe</b></p>	<ul style="list-style-type: none"> <li>- A shortage of ICT knowledge in small businesses leads to a lack of confidence in new technologies. Policies created in the framework of the 'Digital Agenda for Europe' must be supported by an adequate EU</li> </ul>

	<p>communication policy, ensuring that small businesses are fully informed of the potential ICT technology in their daily operations. Furthermore, cooperation between the EU and local governments must ensure easy access to information and assistance at local level.</p> <ul style="list-style-type: none"> <li>– Micro, small and medium-sized businesses are confronted with different problems in the realization of an EU digital economy. The specific needs and characteristics of small and micro businesses call for tailored EU policies and a 'one size fits all' approach in the Digital Agenda must be avoided at all cost. Moreover, a distinction must be made for the types of SMEs which are ICT oriented and internet savvy and those which are not.</li> <li>– Lack of ICT skills prevents small businesses to adapt to and fully reap the benefits of the digital market. Policies geared towards an EU digital economy can only be effective if small business owners and their staff possess the know-how and skills to implement the effects of these policies in their daily work routine.</li> <li>– Reliable and affordable internet connectivity in all regions in the European Union is the very basis of a successful digital economy. Reliable and secure access to broadband internet is key for businesses to benefit from the internal market. A significant number of disadvantaged communities in the EU still cope with a total absence of internet connectivity. In addition, conflict between security and user-friendliness hinders SMEs and consumers to operate online and to benefit from a wealth of products and services.</li> <li>– A lack of access to finance by small business owners prevents them to invest in the development of IT in their businesses. Funding as well as lending opportunities for small businesses must be made available and accessible in an unbureaucratic manner. Those funding opportunities that do exist remain unexploited, as they are promoted insufficiently.</li> <li>– The potential to increase cross-border trade in the EU by strengthening business to consumer transactions should go hand with a regulatory framework which enhances business to business transactions. Much emphasis has been put on making the digital market more accessible, safe and attractive to consumers, whereas potential opportunities (i.e. economic growth and job-creation) resulting from enhanced cross-border business to business activities remain insufficiently targeted.</li> <li>– Management competence &amp; skills are key factors in determining whether innovation feeds through to profitability. Commission should support management competence in SMEs by providing funding for management courses for innovative SMEs.</li> <li>– Especially with regards to innovation in ICT, venture capital could be a major source of funding. However, venture capitalists have been rapidly moving out of the European Union to the USA and emerging economies. There is a role for the Commission to attract venture capitalists to invest in innovative EU SMEs.</li> <li>– Networking is considered to be a successful strategy to raise awareness of investment opportunities in ICT among SMEs. The Commission should set up a framework enabling small business organizations to provide a platform to this end.</li> </ul>
<p><b>Turning environmental challenges into opportunities for SMEs</b></p>	<ul style="list-style-type: none"> <li>– European Commission should emphasize that an environmentally friendly approach can be good for SMEs in that it can facilitate improvements, savings for employers, and allow the development of socially responsible business, which provides benefits for the whole of society.</li> <li>– While many business opportunities can be identified, implementation costs especially for small businesses may not be underestimated. Financial incentives may form a solution to the problem of costs.</li> <li>– Promote best practice among member states enterprise policies on tax incentives for the promotion of eco-friendly products and services</li> <li>– Be much more ambitious in showcasing the success stories of SMEs that have launched eco-friendly services and products</li> </ul>

	<ul style="list-style-type: none"> <li>– Launch a pan-European campaign aimed at demonstrating that sustainability is synonymous with more profitability for the smallest enterprises (Big enterprises are using sustainability for reputation issues, whereas it can actually prove to be profitable for smaller businesses)</li> <li>– Ensure a level playing field for SMEs regarding the creation and enforcement of any new environmental legislation. A specific observatory of environmental legislation for SMEs should be created and maintained</li> </ul>
<b>Promoting the internationalisation of SMEs</b>	<ul style="list-style-type: none"> <li>– <b>Language barriers function as major barrier for cross-border trade. Business-relevant (online) translation services should be made available to businesses at reasonable cost for small businesses to translate consumer-relevant communication online.</b></li> <li>– Lack of information by governments in support of cross-border trade leads to insufficient investment in third countries.</li> <li>– The Services Directive is promising to address the internationalisation of SMEs; yet, it is too early to assess its impact. A full implementation of the Services Directive in all Member States is a first step to its potential success.</li> <li>– ESBA encourages the development of a European Company Statute. Differences in legal forms of companies (e.g. BV v GMBH) are too great and make it difficult for SMEs to operate internationally.</li> </ul>

### 3. What other areas should the Commission consider in order to make SMEs more competitive? What new actions would you propose?

- A major problem area where there is a valuable role for the European Commission is the issue of succession in family businesses. If the EU intends to safeguard the continuation of family businesses and therewith promote entrepreneurship, the Commission should aim for the abolition of inheritance tax in this area. A large percentage of family businesses in the CEE are struggling for survival as the younger generation is not keen to take over the family business.
- As stated earlier, there is a strong need to clearly diversify between what constitutes a micro-, small, or medium enterprise. Depending on the policy proposal, different definitions are being used, even amongst DGs. Most importantly, however, micro-businesses should be seen as separate entities with their distinctive specificities and should be regulated accordingly. Just as legislation designed for large companies, generally does not fit SMEs. So does policy created for SMEs in general generally not fit the needs of micro-businesses.
- The area of information provision and awareness-raising towards SMEs regarding EU policy is still underdeveloped. SMEs must be informed more thoroughly about the challenges and opportunities, associated with EU policy. Granted, there certainly is a role for SME associations in disseminating information towards SMEs but without the existence of a well-oiled information provision system from the Commission this is not possible. There should be a 'reflex' within the policy process to ask the question: 'how will we get SMEs involved'.
- Standardization must be made more accessible to SMEs. Not only during the process of standard development but also in terms of implementation. Standards are likely to generate long term gains for the EU as an economy. However, the short term must not be underestimated. If standards are not made more affordable to micro-businesses in terms of purchasing and implementation, these businesses will not have the chance to grow and possibly internationalize in the long run.
- EU island-economies need more attention from the institutions. It is more difficult for businesses within these economies to stay up to par with new EU developments, as they generally tend to be overlooked. Perhaps an advisory body could be set up to help island economies implement EU policy better and to keep small businesses running as an intrinsic part of the EU economy.

**4. How could the Commission better monitor the implementation of the SBA in the Member States?**

- The Commission may consider working together with national and local governments in creating a central body (e.g. an SBA Council), which would have a guiding role in helping national and local governments in their efforts to implement the SBA. SME organisations on EU and national level could nominate experts from within their organisation to take a seat in these councils, alongside national and local SMEs, government delegates and EU delegates.
- ESBA would also advise the Commission to communicate more with (future) accession countries, e.g. Serbia, where business organisations are making considerable efforts in helping their governments implement (aspects of) the SBA. The level of commitment in these countries can, at times, be seen as higher than in many existing Member States. A best practice exchange between existing Member States, accession countries and Institutions could therefore prove to be a valuable tool.
- ESBA strongly advises Commission officials to spend more time in the Member States on in actual small businesses, communicating to business owners and receiving first hand information. This will enable the Commission to identify and better understand and assess the pitfalls of the SBA. Small business organisations can play an active role in facilitating such an exercise (SME-Fellowship)

**5. Which role could the other EU institutions (Competitiveness Council / European Parliament) and stakeholders play in monitoring the implementation of the SBA?**

- Especially for the European Parliament there lies an important role in communication with their respective Member States. Most MEPs foster close relations with their colleagues in the national parties and governments. As MEPs are generally better informed about EU policy than their national colleagues, MEPs should play a more active role in raising awareness and should function as advisors to their colleagues.
- Moreover, MEPs should use the time spent in their constituencies, to actually visit small businesses to see how the implementation of the SBA works out on the ground. This is crucial in gaining a better understanding of the effects of EU policy on the actual businesses. There is no better way to learn about the pitfalls of legislation than to communicate directly with business owners.