

ESBA Position Paper: Review of a Small Business Act for Europe

Brussels 23 February 2011

The European Small Business Alliance has welcomed adoption of the review of 'A Small Business Act for Europe', but urges Member States to pick up the pace and recommends the Commission to improve its information strategy towards small businesses. ESBA has been actively involved in the consultation procedure and has taken a critical position throughout the drafting period.

Some clear improvements have been made in comparison with earlier drafts of the Small Business Act Review. ESBA particularly welcomes a long overdue commitment by the Commission to improve the application of the SME test in Impact Assessments. ESBA's recommendations to make a clear distinction between micro-, small and medium-sized enterprises when applying the test have been heard and included in the document. This crucial tool, which is meant to assess the impact of future legislation on SMEs, has so far been applied rather inconsistently, which makes today's commitment a valuable step towards improving the legislative environment for small businesses. ESBA urges the Commission's dedicated SME envoy to take his strengthened role as monitor of the application of the SME-test seriously.

Furthermore, ESBA is pleased to see its request for the inclusion of a paragraph on a proposal for an 'instrument of European Contract Law responding to the needs of SMEs seeking to enter new markets' reflected in the final version of the review, as adopted today.

ESBA also welcomes efforts towards alternative SME financing, such as loan guarantee programmes and CIP, which will become increasingly more important as Basel III and the resulting revision of the Capital Requirements Directive (CRD IV) will make it progressively more difficult for SMEs to acquire bank loans as banks will need to increase their reserves.

A one-stop-shop for SMEs, if successful, will be a welcome and long awaited solution to the current EU funding 'jungle'.

ESBA is pleased with the Commission's acknowledgement of the need for an improved information strategy towards SMEs. To ensure that small businesses are able to fully benefit from the potential of the Small Business Act, ESBA reiterates the Commission's call for Member States to implement a structural cooperation with the Commission to promote available information services. To this end ESBA calls on local authorities in particular, as they are generally the first place the average small business person will look for information or assistance.

The Small Business Act can only be a success if full cooperation by the Member States is guaranteed. ESBA therefore strongly advises the Member States to commit to and internalise the contents of the Act, the *Think Small First* principle in particular. A first step towards this end would be for the Council to finally resolve the deadlock which is currently preventing the last proposal from the original Small Business Act from being adopted: the European Private Company Statute (SPE). The Commission should lead by example by committing to the SBA even stronger than they have so far and by seeing all the commitments made today through.

Lastly, ESBA calls for strengthened involvement for SME organisations throughout the legislative process. Consultation procedures alone are not sufficient. To pinpoint possible pitfalls and identify potential improvements regarding legislation that will affect SMEs, Small business representatives need to be included from the very early stages of the Impact Assessment, all the way through to the evaluation stage of implemented legislation. The strengthened role of the dedicated SME envoy, which is in regular contact with SME representation, is a very good step in this direction. ESBA urges Member States to follow the Commission's example and implement an SME envoy in their national administration.
