

## ESBA Bulletin of 21 February 2003 – Volume 5 – Number 5



Dear Readers of the ESBA weekly, Business organisations and colleagues,

For the first time since the creation of the WEEKLY, the bulletin of the European Small Business Alliance (ESBA), I feel necessary to use it for delivering you a personal statement, acting as representative of ESBA.

This statement results from a situation that I experienced recently with a weekly "independent" media in Brussels covering SMEs and parliamentary issues.

I was asked in my capacity of ESBA representative to write an article to contribute to the debate launched on entrepreneurship in Europe, to be published week 7. The article that I enclose for your review was not published. The explanations given on the telephone were that the content could be sensitive or subversive. I do encourage you to take a look and judge for yourself.

Since 1992, I've been involved in working to serve the cause of small businesses and entrepreneurs in Europe. I and my colleagues are directly responsible for many useful amendments to EU regulations which have helped save a number of small business companies in Europe. I've demonstrated to many officials, EU decision-makers and others the necessary openness for dialogue and progress.

Nonetheless, being myself an entrepreneur in Europe (I have set up 4 companies, all active today, one of them developing consensus building methodologies), I DO feel the degradation of the business environment for SMEs over the past decade in Europe: regulations, taxes, access to finance, complexity, etc.

Acting on behalf of ESBA and with a practical understanding of problems faced by SMEs, one of my concerns has always been to try to find appropriate mechanisms for creating consensus on useful debates among business organisations in Brussels and reinforcing their influence for delivering better conditions for SMEs. Indeed, this has been dramatically lacking over the past decade of business representation in Europe.

If any attempt to recognise and debate over the real issues is seen as subversive, then Europe will continue to fail on Entrepreneurship. There will be less and less entrepreneurs ready to play by the rules and to pay for the current failures and absence of progress.

### **Entrepreneurship in Europe: Fake or real debate?**

The recent launch of the GREEN PAPER ON ENTREPRENEURSHIP in Brussels, and this week in Athens coincides with the 15th Anniversary of the launch of a EU SME policy. Over the past 15 years, several billion Euro of the EU budget have been used to create better conditions for small businesses and for entrepreneurship.

Surprisingly, the GREEN PAPER ON ENTREPRENEURSHIP does not attempt to make any assessment of the EU SME policy. This subject is however very linked to the current debate on entrepreneurship.

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This obviously leads to a series of questions for the present debate launched by THE GREEN PAPER ON ENTREPRENEURSHIP: Has European SME Policy brought concrete changes for small businesses over the past 15 years? Can the European Commission describe 5 tangible improvements for small business entrepreneurs?

It is a secret to nobody that EU Enterprise policy does not deliver for entrepreneurs in Europe. By raising such questions, my intention is not to start a pamphlet against the European Commission activities in the field of enterprise policy. Over the years, I have worked with EU officials, MEPs, and organisations involved in such activities. I have met many with a genuine interest for matters related to entrepreneurship, but also a few who do not understand at all the European challenges linked to the current debate.

The current debate is extremely important. And the right things ought to be done to get concrete results out of it.

### **Why?**

Because Many European entrepreneurs with growth potential and in high-tech sectors establish their business outside the EU borders. The location or relocation of business activities of European origin outside the European Union is no longer a phenomenon of big business. Many entrepreneurs in information technology, biotechnology or simply trading activities have started elsewhere and only consider the EU as a place to sell. Do we know today the extent of the loss of entrepreneurship resources, its impact for our competitiveness, for the creation of employment, growth, etc.? Is it not alarming that the European network of fast growing entrepreneurs in Europe launched and supported five years ago by the European Commission, today struggles to survive?

Moreover, entrepreneurs active in local markets, as well as labour intensive activities are increasingly tempted to enter the black economy, and distort the competition for entrepreneurs who try to play by the rules. Do we understand the evolution of such a phenomenon in Europe? And its impact on social cohesion in rural as well as in urban areas?

Finally, the so-called "would-be" entrepreneurs, the persons who could be tempted to start-up a business: have we accurately surveyed their potential motivations and the barriers that discourage them from establishing themselves as entrepreneurs?

While such phenomena exist around us, Brussels remains a place with cyclical and virtual policy debates over business reality, often far removed from what entrepreneurs on the ground expect from policy-makers.

There are entrepreneurs in Europe. We don't need to create them. But we need to create the right conditions for them to stay in Europe, to continue to play by the rules or to dare.

A reform agenda was set up almost three years ago to create "the most competitive and dynamic knowledge-based economy in the world". Such an agenda requires reforms to be implemented. Today such reforms have not yet been implemented.

Fake EU initiatives such as the establishment of quantitative targets for entrepreneurship issues of minor interest can't hide for too long the urgent need for fiscal and regulatory reforms coupled with adequate incentives to channel savings in entrepreneurial activities.

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Who is to blame? Heads of government, national administrations, European institutions or the business world for not being able to influence the public sphere for getting better conditions for entrepreneurship in Europe?

We, as Entrepreneurs in Europe, have a collective interest to influence governments in Europe in order for them to deliver what was promised three years ago, as they keep demonstrating they do not reform.

Neither employers federations, nor chambers of commerce, nor statutory based SME organisations, nor independent groups have proven that they could be influential by acting in isolation. A collective and coordinated effort by the business community, the European institutions and Member States to change the conditions for entrepreneurship issues is the way forward. This is what ESBA and its members are calling for.

### HEADLINES

#### **EU/ CSR: First European Stakeholder Forum Round Table**

The Corporate Social Responsibility Forum hold its 1st roundtable meeting on 12 February. The meeting, attended by fifty delegates from more than 20 major European organisations, focused on "Managing complexities" and ways to improve knowledge about CSR and facilitate the exchange of experience and good practice. The Forum, which main objective is to promote innovation and convergence of CSR practices, is expected to report back to the Commission in mid 2004. Three other roundtables will look at "Fostering CSR among SMEs" (first meeting on 24 February - ESBA will participate), the "CSR Development aspect and Diversity (17 March), and "Convergence and transparency of CSR practice and tools" (17 April).

*More info:*

<http://europa.eu.int/comm/enterprise/csr/index.htm>

#### **EU / CSR: Mandatory CSR reporting backed by EP shadow rapporteur de Roo**

A draft opinion on the Commission's follow up Communication to the CSR Green Paper will be discussed in the EP Environment Committee on 19 February. Draftsman Alexander de Roo (Greens / EFE, the Netherlands) will strive for more stringent requirements for companies to respect the environment. Convinced that agreements on a voluntary basis do not go far enough, A. de Roo therefore calls for mandatory reporting to be published by transnational companies. The draft report by P. Bushill-Matthwes (EPP-ED, UK), was discussed on 21 January in the lead Committee (Social Affairs).

*More info:*

- Draft opinion by A. de Roo: <http://www.europarl.eu.int/meetdocs/committees/envi/20030219/470388en.pdf>
- Commission's Communication: [http://europa.eu.int/comm/employment\\_social/soc-dial/csr/csr2002\\_en.pdf](http://europa.eu.int/comm/employment_social/soc-dial/csr/csr2002_en.pdf)

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### **Environmental liability: Insurers questioning the workability of the proposal**

European insurers recently issued a critical position paper on the Proposal for a directive on Environmental liability. On the crucial question of insurance, the proposal aims to set up adequate schemes or financial instruments. The report by T. Manders (ELDR, Nth) suggests to adopt mandatory insurance instruments within 5 years. The European Insurers believe that the proposal is unworkable, because a) the definition of biodiversity as tabled in the proposal is not precise enough, and b) compulsory insurance is only possible on a "mature market", where risks are identifiable. The report is expected to be adopted on 24/03. It will then go for vote to the Plenary in April. The Greek presidency expects to reach a political agreement in June 2003.

*More info:*

- Position of European Insurers: <http://www.cea.assur.org/cea/v1.1/actu/pdf/uk/communiqu73.pdf>
- Manders' report: <http://www.euoparl.eu.int/meetdocs/committees/juri/20021127/480916en.pdf>

### **EU/ Internal Market: Infringement procedure for Spain, Greece, Luxembourg and Portugal on late payments Directive**

Spain, Greece, Luxembourg and Portugal were sent reasoned opinions (step two of the infringement procedure) because of their failure to notify to the

Commission measures of implementation of the EU late Payments Directive (2000/35/EC). The Directive, which was to come into force by 8 August 2002, creates an automatic right to substantial interest on debts outstanding 31 days after goods or services are supplied in a commercial transaction. Individual firms are therefore asking whether they can sue their debtors in national court under the directive itself, rather than under national law. This is theoretically possible that an EU Directive applies horizontally, however this stance has still to be endorsed by the European Court of Justice (ECJ), and clarification on this point needs that a national court refers the question to the ECJ.

*More info on the Late Payment Directive:*

[http://europa.eu.int/comm/enterprise/library/enterprise-europe/issue10/articles/en/enterprise10\\_en.htm](http://europa.eu.int/comm/enterprise/library/enterprise-europe/issue10/articles/en/enterprise10_en.htm)

## **IN BRIEF**

### **EU/ SMEs: Job creation hampered by employment regulation**

The Observatory of European SMEs has published a report highlighting the administrative burden generated by complying with employment regulations. Based on a survey of 7600 SMEs across Europe, the report reveals that 31% of European SMEs feel that these burdens affect their hiring decision, and 64% feel that the burdens have grown over the past 5 years. SMEs are even more affected by the complexity of rules than by the administrative burden itself, and this stresses the crucial need for simpler rules.

*See the report:*

[http://europa.eu.int/comm/enterprise/enterprise\\_policy/analysis/observatory.htm](http://europa.eu.int/comm/enterprise/enterprise_policy/analysis/observatory.htm)

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### **EU/ High-tech SMEs: Growth and jobs boosted by high-tech SMEs**

Another report from the European Observatory of SMEs, "High-tech SMEs in Europe" stresses that high-tech SMEs, in spite of a higher exposure to risks, create jobs faster than the rest. High tech SMEs are key actors in the new economy in generating growth through innovation and technological progress. Yet they have to deal with significant barriers to growth, including primarily skill shortage and the lack of financial and technical resources for co-operation with research institutions.

*See the report:*

[http://europa.eu.int/comm/enterprise/enterprise\\_policy/analysis/observatory.htm](http://europa.eu.int/comm/enterprise/enterprise_policy/analysis/observatory.htm)

### **EU/ Energy tax: Deal on energy tax failed at ECOFIN Council of 18 February E**

EU ministers were forced again to postpone talks on energy taxation until the next ECOFIN of March. Although the Member States' positions had been narrowed, Italy's hard stance on giving tax breaks to lorry drivers for their diesel fuel needs made a final agreement impossible. Italy and France were enjoying exemptions (i.e. reduced tax burdens) until the end of 2002, but France adopted a compromise position, having already agreed on a phasing out programme by the end of 2004. The original Commission 's proposal on energy tax dates back from 1997.

*More info:* Preparation of ECOFIN on 17/18 February 2003

[http://europa.eu.int/rapid/start/cgi/guesten.ksh?  
p\\_action=gettxt=gt&doc=MEMO/03/34|0|RAPID&lg=EN&display=](http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action=gettxt=gt&doc=MEMO/03/34|0|RAPID&lg=EN&display=)