



### **Review of Small Business Act adopted: Member States to pick up the pace.**

On 23 February, European Commission Vice-President in charge of Industry and Entrepreneurship Antonio Tajani presented the final version of the long-awaited Review of the Small Business Act that strives to create better environment for SMEs in the EU. The document summarizes the results achieved since the publication of the Small Business Act in 2008 but underlines that there is still much more left to do to enable SMEs to take full advantage of the Internal Market. The revision comes with a number of priorities in many areas. The Commissioner laid emphasis on improved access to finance that should be facilitated by new financial instruments including loan guarantee schemes and Single European venture capital framework. Another key point includes smart regulation and simplification of EU rules for small businesses. The Commission is committed to foster the application of the 'SME test' as a part of the impact assessment procedure as well as the implementation of the 'only once' principle and 'one-stop-shop' solutions across the EU. A number of priorities of the communication are devoted to market access and internalisation of SMEs. The Commission stresses that the active involvement of Member States is indispensable in order to receive tangible results for micro-, small- and medium-sized businesses.

#### **ESBA OPINION**

The European Small Business Alliance welcomes today's (23 February) adoption of the review of 'A Small Business Act for Europe'. 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. 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 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 Bulletin of 7 March 2011 – Volume 13 – Number 4

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.

### Positions of other business organisations

Organisations that represent small and medium enterprises were in general pleased with the adopted revision of the Small Business Act for Europe. They particularly welcomed Commission's call for strengthened governance and the intention to set up the SBA Advisory Group that will aim to gather representatives of businesses and governments to contribute to the SBA implementation and evaluation processes. The emphasis on improving access to credit through new financial mechanisms is similarly appreciated, however, some worry that introducing new regulations on banks might have a negative impact on SMEs.

A number of the organisations expressed their criticism with regards to the lack of attention devoted to the importance of entrepreneurial education and skills that the small businesses need so as to survive in the market. In general, the business representatives can agree that the progress is not possible without a vigorous participation and fostered effort of Member States in the process of SBA implementation. They call therefore on the EU leaders to endorse the Review of the SBA and take concrete actions towards its full implementation at national and local level to ensure that SMEs can immediately benefit from the results.

To read the Review of the 'Small Business Act' for Europe, please click here

[http://ec.europa.eu/enterprise/policies/sme/small-business-act/files/sba\\_review\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/small-business-act/files/sba_review_en.pdf)

To learn more about the 'Small Business Act' for Europe, please click here

<http://ec.europa.eu/enterprise/policies/sme/small-business-act/>

### **IN BRIEF**

## **ESBA Bulletin of 7 March 2011 – Volume 13 – Number 4**

### **EU/SBA: Commission to introduce measures to recover cross-border debt**

The European Commission listed the intention to solve the issue of cross-border debt recovery as one of the priorities in its Communication on the Review of the Small Business Act. A large number of European companies consider the problem related to debt recovery in another Member State to be a great impediment that discourages them to extend their business activities to other countries. The Commission therefore intends to initiate EU-wide measures that would tackle the legal uncertainty by means of introducing a possibility for a creditor to block a debtor's bank account in any EU country. Concrete proposals in this area are expected to be adopted by July 2011.

### **EU to support female entrepreneurs through mentoring schemes**

The Review of Small Business Act indicates in its action points that the European Commission will put an emphasis on increasing the number of women running their own business. As it is estimated that only 30% of businesses across the EU are owned by women, the Commission has been trying to support the female entrepreneurship by means of two main initiatives. Even though these programmes were successful in increasing the public awareness, they have not engaged all the EU countries in their activities and the cooperation between the projects has been non-existent. Nonetheless, the Commission intends to start new mentoring schemes for women business owners in 10 Member States in 2011. These should offer advice and support especially to would-be female entrepreneurs.

### **EU/SBA: EU to foster Erasmus for Entrepreneurs**

Two years ago, the European Commission launched the programme that facilitates cross-border exchange of new or would-be entrepreneurs that have the opportunity to acquire business knowledge and relevant skills in up to six months. Erasmus for Entrepreneurs has as many supporters as it has critics. Some argue that it is not possible to apply the scheme for students in the entrepreneurial sphere. On the other side, those that have participated in the programme claim that the exchange was beneficial for both sides. The Commission will aim to obtain increased budget for the programme so that the impact on cross-border entrepreneurship is deeper and more effective.

### **EU/SBA: Commission to put emphasis on improved access to finance**

On 22 February, the European Investment Bank released figures that indicated how much of the crisis funds were provided to small and medium businesses in Member States since 2008. The limited access to finance is one of the major hurdles for small entrepreneurs and often a reason for closing their businesses. The Review of the Small Business Act states that a stronger loan guarantee scheme is one of the Commission's priorities to support innovation and growth. The objective is to help two million SMEs across the EU in the next decade through this programme. The Commission underlines that also other instruments including venture capital funds are to be used in order to tackle the financial problems of SMEs.