Implementing the Community Lisbon Programme: small and medium-sized enterprises SMEs policy for growth and employment

2006/2138(INI) - 10/11/2005 - Non-legislative basic document

PURPOSE : to present a Commission Communication on giving fresh impetus to SME policy in the context of the Lisbon Programme.

CONTENT : small and medium-sized enterprises (SMEs), defined as having fewer than 250 employees, make up a large part of Europe's economy: there are some 23 million of them in the EU, providing around 75 million jobs and accounting for 99% of all enterprises. SMEs are a key part of European industry, not least as they contribute up to 80% of employment in some industrial sectors, such as textiles, construction or furniture.

This Communication provides a framework for the various enterprise policy instruments and aims at making the "Think Small First" principle effective across all EU policies. It highlights the major challenges SMEs face daily, proposes new actions to strengthen their capacity to sustain in the market, to grow and to create jobs and new ways to enhance dialogue and consultation with SME stakeholders. By doing so, it clearly supports the implementation of the Lisbon Integrated Guidelinesand the Community Lisbon Programme.

The Communication goes on to set out a number of objectives and actions specifying how to make the measures of the Community Lisbon programme beneficial to SMEs. In particular, it provides guidance on how to implement the Lisbon integrated guidelines in a way that serves SMEs. This is notably the case for guidelines 14 and 15, which relate to better regulation, a more entrepreneurial culture and a more competitive and supportive environment for SMEs. This should be particularly helpful for the implementation of the national reform programmes that Member States must undertake.

The Commission outlines the specific action to be taken:

- **Promoting entrepreneurship and skills:** the Commission will step up its efforts to increase the appreciation of entrepreneurs in society, promote greater awareness of a career as an entrepreneur, foster entrepreneurial mindsets including the promotion of responsible entrepreneurship practices. A forthcoming Commission Communication on this key area will underline the role of entrepreneurship education. At the same time, structural funds will contribute directly to promoting entrepreneurship by investing in actions such as increasing the range and quality of business advisory services and shared business services. Last but not least, most Member States could usefully take measures to reduce the time and costs involved in setting up a new company.

- Improving SMEs' access to markets: the Communication highlights the steps to be taken, with regard to public procurement, standardization, high tax compliance and promoting greater access to international markets.

- Cutting red tape: the Commission discusses the integration of the 'Think Small First'principle in all Community policies, as well as better regulation, and paying increasing attention to barriers related to the administrative burdenwhich hinder SMEs in creating jobs.

- **Improving SMEs' growth potential:** the EU is acting to address persistent and well-identified market gaps that limit SMEs' access to finance, research, innovation and Information and Communication Technologies (ICT)and hinder their potential to grow. While its activities have had leverage effect, they need to be strengthened and further developed to respond to changing needs of all types of enterprises.

- **Strengthening dialogue and consultation with SME stakeholders:** the Commission will promote more regular and better structured dialogue with and consultation of stakeholders. It will aim to reflect the diversity of the audience more fully, from European business organisations to national and local support organisations, small business advisers and, to certain extent, to SMEs themselves. The Commission, and in particular its SME Envoy, is committed to extensive consultation of relevant stakeholders to ensure that their concerns are taken into account in the policy-making process.

Reaching the objectives set out in this Communication entails the full mobilization and commitment of all relevant actors, both public and private at regional, national and European level. The Commission will closely follow SMEs' performance in the economy, will make it a priority to reinforce the coordination of policies towards SMEs both at the EU level and among Member States and will use Community instruments and programmes to carry out actions supporting the competitiveness of SMEs.