




Basic information	
2008/2237(INI) INI - Own-initiative procedure	Procedure completed
Small Business Act Subject 3.45.02 Small and medium-sized enterprises (SME), craft industries	

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	ITRE Industry, Research and Energy		HERCZOG Edit (PSE)	17/09/2008
	Committee for opinion		Rapporteur for opinion	Appointed
	ECON Economic and Monetary Affairs (Associated committee)		HÖKMARK Gunnar (PPE-DE)	08/07/2008
	EMPL Employment and Social Affairs		WEISGERBER Anja (PPE-DE)	09/09/2008
	ENVI Environment, Public Health and Food Safety		The committee decided not to give an opinion.	
	IMCO Internal Market and Consumer Protection (Associated committee)		GRAU I SEGÚ Martí (PSE)	07/07/2008
	CULT Culture and Education		TRÜPEL Helga (Verts/ALE)	08/09/2008
	JURI Legal Affairs		KARAS Othmar (PPE-DE)	22/09/2008
	FEMM Women's Rights and Gender Equality		PODIMATA Anni (PSE)	15/10/2008
Council of the European Union	Council configuration		Meetings	Date
	Competitiveness (Internal Market, Industry, Research and Space)		2891	2008-09-25
	Competitiveness (Internal Market, Industry, Research and Space)		2910	2008-12-01

European Commission	Commission DG	Commissioner
	Internal Market, Industry, Entrepreneurship and SMEs	VERHEUGEN Günter





Key events			
Date	Event	Reference	Summary
25/06/2008	Non-legislative basic document published	COM(2008)0394 	Summary
23/09/2008	Committee referral announced in Parliament		
23/09/2008	Referral to associated committees announced in Parliament		
25/09/2008	Debate in Council		Summary
01/12/2008	Resolution/conclusions adopted by Council		
12/02/2009	Vote in committee		Summary
18/02/2009	Committee report tabled for plenary	A6-0074/2009	
09/03/2009	Debate in Parliament		
10/03/2009	Decision by Parliament	T6-0100/2009	Summary
10/03/2009	Results of vote in Parliament		
10/03/2009	End of procedure in Parliament		

Technical information	
Procedure reference	2008/2237(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/64697

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE413.994	28/10/2008	
Committee opinion	JURI	PE414.319	21/11/2008	
Amendments tabled in committee		PE416.309	26/11/2008	
Committee opinion	EMPL	PE414.290	03/12/2008	
Committee opinion	IMCO	PE414.346	03/12/2008	

Committee opinion	FEMM	PE414.342	04/12/2008	
Committee opinion	ECON	PE414.940	15/12/2008	
Committee opinion	CULT	PE415.266	20/01/2009	
Committee report tabled for plenary, single reading		A6-0074/2009	18/02/2009	
Text adopted by Parliament, single reading		T6-0100/2009	10/03/2009	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2008)0394 	25/06/2008	Summary
Document attached to the procedure	SEC(2008)2101 	25/06/2008	
Document attached to the procedure	SEC(2008)2102 	25/06/2008	
Commission response to text adopted in plenary	SP(2009)3244	06/10/2009	
Follow-up document	COM(2009)0680 	16/12/2009	Summary

Small Business Act

2008/2237(INI) - 25/09/2008

The Council held an **exchange of views** on the Communication entitled "Priority for small and medium-sized undertakings (SMUs) first - A "Small Business Act" for Europe. The exchange of views made it possible to work out political guidelines to aid the Council's preparatory fora in discussion of draft conclusions with a view to the adoption of these at the next Competitiveness Council on 1 and 2 December 2008.

Delegations voiced their opinions, in particular, on identifying the priority measures laid down in the "Small Business Act" (SBA), which could have a rapid impact on growth against a background of economic slowdown.

A broad consensus emerged regarding the beneficial effects which implementation of the measures contained in the package could have on SMUs, in particular by facilitating access for SMUs to funding, by tending to reduction and simplification of administrative burdens and by favouring undertakings' access to the market.

The proposal to create an SBA for Europe put forward by the Commission in June 2007 had been the subject of an initial discussion at the informal meeting of ministers at Versailles (France) on 17 and 18 July 2008.

Small Business Act

2008/2237(INI) - 25/06/2008 - Non-legislative basic document

PURPOSE: to present an initiative entitled a "Small Business Act" for Europe (SBA) to fully unlock the growth and jobs potential of European SMEs.

CONTENT: in a globally changing landscape characterised by continuous structural changes and enhanced competitive pressures, the role of SMEs has become even more important as providers of employment opportunities but they very often face enormous bureaucratic hurdles and obstacles. European SMEs deserve to be better assisted to fully unlock their potential of long term sustainable growth and of more job creation.

At the heart of the SBA is the conviction that achieving the best possible framework conditions for SMEs depends first and foremost on society's recognition of entrepreneurs. This is why the "Small Business Act" aims to **improve the overall policy approach to entrepreneurship**, to irreversibly anchor the "Think Small First" principle in policymaking from regulation to public service, and to promote SMEs' growth by helping them tackle the remaining problems which hamper their development.

The SBA builds on the Commission's and Member States' policy achievements, creates a **new policy framework** which integrates the existing enterprise policy instruments, and builds in particular on the European Charter for Small Enterprises and the Modern SME policy. To implement this ambitious policy agenda, the Commission is proposing a genuine **political partnership** between the EU and Member States through:

A set of 10 principles to guide the conception and implementation of policies both at EU and Member State level:

1. create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded;
2. ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance;
3. design rules according to the "Think Small First" principle;
4. make public administrations responsive to SMEs' needs;
5. adapt public policy tools to SME needs: facilitate SMEs' participation in public procurement and better use State Aid possibilities for SMEs;
6. facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions;
7. help SMEs to benefit more from the opportunities offered by the Single Market;
8. promote the upgrading of skills in SMEs and all forms of innovation;
9. enable SMEs to turn environmental challenges into opportunities;
10. encourage and support SMEs to benefit from the growth of markets.

A set of new legislative proposals which are guided by the "Think Small First" principle in four areas that particularly affect SMEs:

1) General Block Exemption Regulation on State Aids (GBER): this Regulation, to be adopted shortly, will exempt from prior notification categories of State Aid already covered by existing regulations in the field of aid to SMEs, for training, employment, R&D and regional aid and possibly also for new categories of aid. The new Regulation will simplify and harmonise existing rules for SMEs and increase investment aid intensities for SMEs.

2) Regulation providing for a Statute for a European Private Company (SPE): this Regulation provides for a Statute for an SPE that could be created and operate according to the same uniform principles in all Member States. The Commission will also come forward with the necessary amending proposals to ensure that this new company form can benefit from the existing corporate tax directives.

3) Directive on reduced VAT rates: this Directive, which will be proposed shortly, will offer Member States the option of applying reduced VAT rates principally for locally supplied services, which are mainly provided by SMEs.

4) As part of the SBA the following proposals will be prepared: i) a legislative proposal to further modernise, simplify and harmonise the existing rules on VAT invoicing to alleviate the burden on businesses; ii) an amendment to the Directive 2000/35/EC on late payments with a view to ensuring that SMEs are paid on time for any commercial transaction.

A set of new policy measures which implement these 10 principles according to the needs of SMEs both at Community and at Member State level.

The SBA includes an ambitious set of measures to allow SMEs to fully benefit from the Single Market and expand into international markets by orienting more resources to small companies' access to finance, Research & Development and innovation. They will also make it easier for them to participate in the **standard-setting process**, win **public procurement** contracts and turn environmental challenges into business opportunities.

In addition to the standing commitment to **cut administrative burden by 25% by 2012**, the time needed to start a new company should be no more than one week, the maximum time to obtain business licenses and permits should not surpass one month and **one-stop-shops** should assist to facilitate start-ups and recruitment procedures.

Where practical, the Commission plans to use concrete dates in a year for the entry into force of regulations/decisions affecting business. Member States are invited to consider similar measures.

Lastly, the SBA seeks new ways to **stimulate interest in entrepreneurship** and cultivate a more entrepreneurial mindset, especially among young people. Young people, who want to start up a business, can now gain experience by spending time in an SME abroad via the just launched "**Erasmus for young entrepreneurs**" programme. This will help upgrade their skills and contribute to the networking among SMEs in Europe. Similar mobility programmes are also underway for apprentices.

The SBA should be fully embedded in the Growth and Jobs strategy. Member States are invited to take advantage of the update of the Lisbon cycle 2008 to reflect the SBA in their National Reform Programmes.

Small Business Act

2008/2237(INI) - 16/12/2009 - Follow-up document

The Commission presents a report on the implementation of the Small Business Act for Europe (SBA). It summarises the progress achieved in 2009, which has been the first full year of implementation of the SBA, focussing mainly on the measures contained in the SBA Action Plan and in the [European Economic Recovery Plan](#). The report notes that both the Commission and Member States have taken substantial action to improve SMEs' access to finance, to facilitate their access to EU and third country markets and to improve framework conditions for SMEs in particular by removing unnecessary administrative burdens.

The Commission has delivered on major actions announced in the SBA. It has adopted all five legislative proposals linked to the SBA:

- a general 'block exemption' regulation (GBER) adopted in July 2008 made it easier for governments to support SMEs through aid measures exempted from the notification obligation;

- the [proposal on reduced VAT rates](#) entered into force on 1 June 2009 and offers the Member States ample possibilities to boost economic activity notably in labour-intensive services.

The three other legislative proposals are still pending. The [proposed recast of the late payments Directive](#) and the [proposal on a European Private Company Statute](#) are both vitally important for the competitiveness of SMEs. The [proposal on VAT invoicing](#) aims at ensuring equal treatment of paper and electronic invoices and is estimated to have a maximum midterm reduction potential of EUR 18.4 billion if all businesses send all their invoices electronically.

Member States have also shown strong political commitment to implement the SBA, but vary as regards both the approach taken and the results achieved. Several Member States have 'transposed' the SBA as a whole into their national policy programmes.

Implementing the "Think Small First" principle: from January 2009, the Commission has systematically applied an "SME Test" to assess the impact on SMEs of all its major legislative and policy proposals. It proposed giving Member States the option of exempting micro-enterprises from accounting rules. It has also taken major steps to reach the EU target of a 25% reduction in administrative burdens set in March 2007, which particularly benefits SMEs. Reduction measures already adopted by the legislator are expected to lead to reduced costs of EUR 7.6 billion. Measures pending adoption by the Council and Parliament could add EUR 30.7 billion to that amount. All in all, the administrative burdens reduction proposed or currently under preparation by the Commission could exceed the initial target and reach 33% of the total of EUR 123.8 billion estimated burdens of EU origin.

The Commission welcomes the fact that all Member States have by now adopted national targets for reducing administrative burdens and that they are continuing to simplify the administrative environment for SMEs. For example, the average time and cost to start-up a private limited company is now 8 days (compared to 9 days in 2008) and the cost is EUR 417 (compared to EUR 463 in 2008).

Access to finance: the Commission has simplified state aid rules and has pointed clearly to the need to take better account of SMEs' needs at Member State level. The new General Block Exemption Regulation (GBER) adopted as part of the SBA enlarges the categories of state aid covered by the exemption. Block exempted aid for SMEs amounted to EUR 2.8 billion in 2008, an increase of EUR 0.3 billion compared to 2007. The European Investment Bank (EIB) group has played a crucial role in easing SMEs' access to finance in 2009. It has substantially increased its lending activity dedicated to SMEs from EUR 8.1 billion in 2008 to around EUR 11.5 billion in 2009. EUR 200 million has been allocated by the EIB for mezzanine finance for 2009.

The report notes the activities and contribution of the JASMINE and JEREMIE initiatives.

As a response to the financial and economic crisis, and often using the temporary framework on state aid, most Member States have also adopted policy measures to enhance SMEs' access to liquidity, especially to bank lending, through the creation and extension of loan and guarantee schemes for SMEs. The EIB package of EUR 30 billion for loans to SMEs also allows some member countries to use a second level guarantee scheme.

Access to markets: to stimulate cross-border operations with the Single Market, the Commission and Member States jointly decided to lower the fees for EU-wide trade mark rights by 40% and to simplify the registration procedure from 1 May 2009. The Commission also increased EU financial support to EUR 2.1 million in 2009 to promote SMEs defence of their interests in the standardisation process and to improve SMEs use of European standards. As regards the external dimension, Market Access Teams have been established in 30 key export markets. The Commission is setting-up business centres in a selected number of these markets. These Centres will help EU SMEs wishing to set up and trade in these countries by providing business support services including market access assistance, finding commercial partners, logistical support and advice on issues such as protection of intellectual property rights (IPR) and standardisation.

Promoting Entrepreneurship: two major events in 2009, the First European SME Week which took place in 36 European countries and the Conference on the SBA/European Charter for small enterprises have contributed to promoting entrepreneurship among the general public, giving voice to entrepreneurs to present their career paths and providing opportunities for networking. A number of countries have anchored entrepreneurship education in their curricula

The report concludes that it remains of utmost importance to continue to implement the SBA Action Plan at all levels.

Small Business Act

2008/2237(INI) - 10/03/2009 - Text adopted by Parliament, single reading

The European Parliament adopted by 536 votes to 47, with 47 abstentions, a resolution on a "Small Business Act".

Parliament regrets that the Small Business Act (SBA) is not a legally binding instrument. considers that its truly innovative aspect is its intention to place the "Think Small First" principle at the heart of Community policies; calls on the Council and the Commission to join Parliament in the effort to establish the **"Think First Principle" principle as a binding rule**, in a form to be determined, in order to ensure that it is properly applied in all future Community legislation.

The resolution stresses the absolute necessity of **implementing the 10 guiding principles** at European, national and regional level. The Commission is called upon to further enhance the visibility and awareness of SME-related policy actions (through the bundling of existing Community instruments and funds for SMEs under a separate heading in the EU budget) and to set up a screening system for the monitoring of the progress achieved following implementation of the guiding principles.

MEPs stress the need to place particular emphasis on craft, family, micro- and individual enterprises at EU, national and regional level. They call for the acknowledgement of the specific characteristics of members of the liberal professions and note that the Commission's proposals lack a clear strategy for self-employed persons to improve their legal status and rights. They also stress that even more money should be invested in projects to endorse female entrepreneurs.

The resolution emphasises the need to develop a social and economic model that creates an appropriate security network for small and medium-sized entrepreneurs in the creative sector, where unstable working conditions are often encountered. In this context, it sees a need, in the framework of the SBA, for greater emphasis to be given to the area of labour law, especially in view of the concept of flexicurity, while taking into account the necessary social protection. MEPs call on the Commission and the Member States to take into account the creative and cultural sector as a driver of economic and social development in the European Union.

The Parliament makes a number of recommendations that focus on 5 areas:

(1) Boosting R&D and innovation: stressing the importance of innovation for SMEs and the difficulties in taking advantage of research opportunities, MEPs consider that all Community research and technological programmes should be designed in a way that facilitates the cross-border participation of SMEs. They call on the Member States to multiply initiatives that lower the threshold for SMEs to have access to research. In particular, the resolution makes the following recommendations:

- **improve access to the Seventh Framework Programme** for research, technological development and demonstration activities (2007-2013);
- the Commission and the Member States should put in place better framework conditions aimed at creating an environment favourable to innovation by SMEs, in particular by introducing ways to improve the protection of intellectual property rights (IPR) and to fight against counterfeiting more effectively throughout the European Union;
- a swift agreement should be reached on a **Community Patent** ensuring low-cost, efficient, flexible and high-quality legal protection, adapted to the needs of SMEs, as well as on a harmonised European patent litigation system;
- the **links between educational institutions and SMEs should be strengthened**, so that the promotion of self-employment, entrepreneurship culture and business awareness is included in the national education curricula. MEPs call for an 'Erasmus for young entrepreneurs' and an 'Erasmus for apprentices';
- the importance of **encouraging young entrepreneurs and female entrepreneurs** through, amongst other things, the introduction of tutoring and mentoring programmes.

(2) Ensure funding and access to finance: recalling that SMEs' limited ability to access finance is a major impediment to their creation and growth, MEPs call for a combined effort on the part of financial institutions, the Commission and the Member States to ensure SMEs' access to finance and to offer them the possibility of consolidating their capital by reinvesting their profit in the company. Parliament considers that payment of charges prior to SMEs' commencing activities should not be required in order to ensure that they are able to build up their own funds and resources. In particular, the resolution:

- calls for **greater efforts to promote and provide information on the existence of European funds and state aids** intended for SMEs, and for these two instruments to be more accessible and more easily understandable;
- calls for the **creation of better conditions** allowing SMEs to invest in skills training, not least through direct tax cuts;
- underlines the need to open up European **risk capital** markets by improving the availability of and access to venture capital, mezzanine finance and micro-credit;
- urges the creation at Community level of a **harmonised time limit for payments**, possibly shortened for payments to SMEs, and penalties for exceeding this limit.

MEPs welcome the recent initiative for a Joint Action to Support Micro-finance Institutions in Europe (JASMINE). They call on the Member States to take a proactive role in providing information on **access to and application for microcredits** and alternative forms of finance. They also emphasise the important role of the EIB and the European Investment Fund (EIF) in improving financing available to SMEs.

(3) Improving market access: the resolution stresses that standardisation can lead to innovation and competitiveness by facilitating access to markets and by enabling operability. The Commission is called upon to improve access to standards for SMEs and their participation in the standardisation process, as well as to further promote Community standards internationally. In this context, MEPs stress the need:

- to strengthen **SME access to and participation in public procurement** by: (i) making more use of e-procurement; (ii) adapting the size of contracts; (iii) alleviating the administrative and financial burden in tendering; (iv) providing relevant and proportionate qualification criteria in specific tenders; (v) enhancing access to information on public tenders for SMEs and (vi) harmonising required documents;
- for a **system consultancy service** that would assist the everyday operation of SMEs during their whole lifecycle with the aim of optimising their investments;
- to improve information on market access and **export opportunities** within the Single Market and to strengthen information and advisory services, in particular the SOLVIT problem-solving network;
- to promote the implementation of interoperable **electronic signatures** and authentication certificates;
- to help SMEs defend themselves against **unfair commercial practices**, such as those of misleading directory companies, which should strengthen SMEs' confidence to operate cross-border.

Stressing that only 8% of all SMEs are involved in cross-border activities, MEPs call on the Member States to cooperate in harmonising administrative requirements that affect intra-Community activities and to swiftly transpose and implement the Services Directive.

MEPs also encourage the swift adoption of the statute for a European Private Company, the establishment of a **common consolidated basis for company taxation**, as well as the establishment of a 'one-stop-shop' for VAT in order to make it possible for entrepreneurs to fulfil their responsibilities in the business country of origin. Parliament encourages the setting up of European business support centres in China and India, and in all emerging markets.

(4) Fighting bureaucracy and red-tape: Parliament believes that there is an imperative need to cut red tape and to put in place a modern administration adapted to the needs of SMEs. It therefore encourages the promotion of ICT knowledge among SMEs. The Commission and the Member States are called upon to take initiatives in order to exchange and promote best practices, set benchmarks, and elaborate and promote guidelines and standards for SME-friendly administrative practices.

MEPs believe that SMEs, and in particular micro-enterprises, should be taxed in a way that reduces administrative efforts as far as possible. In this context, the Commission is called upon to apply the **SME test** to all new proposals for EU legislation affecting business including simplification of existing legislation.

In particular, the resolution:

- stresses the need for proper and **timely involvement of SMEs in policy making**: the Commission's consultation period should be extended to at least 12 weeks from the date on which the consultation is available in all Community languages;
- calls on the Commission to stimulate **simplification and harmonisation of company law** and, in particular, accounting rules within the internal market;
- encourages the setting up of a "**statistics holiday**" for micro enterprises;
- stresses the need for the introduction of **common commencement dates** for new Community legislation affecting SMEs and for SMEs to be informed concisely and comprehensibly of changes to legislation affecting them;
- considers it necessary to establish a **unified system for setting up businesses** in which the process is carried out step-by-step and it is possible for a business to be created in 48 hours;
- calls for a **special EU website for SMEs** which shall contain information and application forms for EU projects, national telephone numbers, links to partners, trade information, information on research projects as well as internet consultation, briefings and information about new regulation.

(5) Turning sustainability into business: recognising that efforts to improve sustainability could become an important source of **(eco-) innovation** and a key asset for industry's competitiveness, MEPs call on the Commission to investigate how the Community could help SMEs to become more resource and energy efficient.

The resolution welcomes recent initiatives to assist SMEs in coping with environmental legislation by, inter alia, granting them reduced agency fees, ensuring their access to information on environmental standards or introducing specific exemptions from Community legislation.