

Basic information	
2012/2042(INI) INI - Own-initiative procedure	Procedure completed
Small and medium size enterprises (SMEs): competitiveness and business opportunities Subject 3.40.14 Industrial competitiveness 3.45.02 Small and medium-sized enterprises (SME), craft industries 3.45.08 Business environment, reduction of the administrative burdens 3.50.04 Innovation	

Key players			
European Parliament	Committee responsible		Rapporteur
	ITRE Industry, Research and Energy		RÜBIG Paul (PPE)
			Shadow rapporteur TOIA Patrizia (S&D) JOHANSSON Kent (ALDE) BÜTIKOFER Reinhard (Verts /ALE) FORD Vicky (ECR)
	Committee for opinion		Rapporteur for opinion
	INTA International Trade (Associated committee)		WINKLER Iuliu (PPE)
	ECON Economic and Monetary Affairs		The committee decided not to give an opinion.
	EMPL Employment and Social Affairs		MCINTYRE Anthea (ECR)
	ENVI Environment, Public Health and Food Safety		The committee decided not to give an opinion.
	IMCO Internal Market and Consumer Protection		The committee decided not to give an opinion.
	REGI Regional Development		HYUSMENOVA Filiz (ALDE)
			25/01/2012

European Commission	Commission DG	Commissioner
	Internal Market, Industry, Entrepreneurship and SMEs	TAJANI Antonio

Key events			
Date	Event	Reference	Summary
14/10/2011	Non-legislative basic document published	COM(2011)0642 	Summary
15/03/2012	Committee referral announced in Parliament		
15/03/2012	Referral to associated committees announced in Parliament		
18/09/2012	Vote in committee		
28/09/2012	Committee report tabled for plenary	A7-0293/2012	Summary
22/10/2012	Debate in Parliament		
23/10/2012	Decision by Parliament	T7-0387/2012	Summary
23/10/2012	Results of vote in Parliament		
23/10/2012	End of procedure in Parliament		

Technical information	
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Stage reached in procedure	Procedure completed
Committee dossier	ITRE/7/08280

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE486.147	30/03/2012	
Amendments tabled in committee		PE489.461	15/05/2012	
Committee opinion	INTA	PE485.930	22/06/2012	
Committee opinion	REGI	PE487.810	22/06/2012	

Committee opinion	EMPL	PE489.495	11/07/2012	
Committee report tabled for plenary, single reading		A7-0293/2012	28/09/2012	Summary
Text adopted by Parliament, single reading		T7-0387/2012	23/10/2012	Summary
European Commission				
Document type	Reference	Date	Summary	
Commission document (COM)	COM(2011)0642 	14/10/2011	Summary	
Commission document (COM)	COM(2011)0702 	09/11/2011	Summary	
Commission document (COM)	COM(2011)0803 	23/11/2011	Summary	
Commission response to text adopted in plenary	SP(2013)71	01/03/2013		

Small and medium size enterprises (SMEs): competitiveness and business opportunities

2012/2042(INI) - 14/10/2011 - Non-legislative basic document

PURPOSE: to propose a new industrial policy with the aim of reinforcing competitiveness.

BACKGROUND: the EU economic recovery from the crisis has been relatively slow and remains fragile. Manufacturing output is now some 14% higher than its trough in early 2009 but still 9% below its peak in early 2008 and jobs in industry and industry-related services are **still 11% below the 2008 peak**.

As part of the Europe 2020 strategy, the Commission launched in 2010 an **ambitious new industrial policy** that highlighted the actions needed to strengthen the attractiveness of Europe as a place for investment and production, including the commitment to monitor Member States' competitiveness policies. It also outlined a renewed trade policy.

Enhancing the global competitiveness of European industry is essential, as 75% of EU exports come from manufacturing firms, who also do 80% of industry R&D. The Communication has identified the following key areas where the competitiveness of the EU economy could be further strengthened in order to make significant progress towards the Europe 2020 goals:

- (1) structural changes in the economy;
- (2) the innovativeness of industries;
- (3) sustainability and resource efficiency;
- (4) business environment;
- (5) the single market; and
- (6) small and medium-sized enterprises.

This Communication is a new yearly initiative that looks specifically at the competitiveness of the Member States. It will contribute to the evaluation of the Member States under the broader framework of the **European semester** and Europe 2020.

CONTENT: this Communication has argued that to achieve sustainable growth and to kick-start the economy require **coherent and coordinated industrial policies** from the Member States as well as deep structural changes.

A considerable impact can be had by facilitating change, enabling innovation, promoting sustainability, improving the business environment and benefiting from the single market. The implementation of these policies should be a priority in national capitals as it is at the Commission.

A greater coordination of policies at national level can **leverage scarce funds to foster innovation and growth in times of budgetary austerity**. At EU level, the Commission's proposal for the **Multiannual Financial Framework** has been designed to prioritise these objectives, strengthening the capacity of the EU to invest in industrial innovation by reducing fragmentation, simplifying rules for beneficiaries and increasing the focus on bringing innovation

to the market. The Commission will strengthen its support for the Member States' efforts within the context of Europe 2020, based on a coherent approach to monitoring progress over time, and providing the necessary forum for identifying good practices.

The main characteristics of this approach may be summarised as follows:

(1) Industrial change: looking back to the longer-term changes in the industrial structures of the Member States in 1999-2007, industries have followed different paths towards higher technology or higher skills industries that tend to have higher productivity growth and their prices have suffered less from global competition.

1. **In the first group of countries**, the industrial structure is dominated by technologically advanced sectors. A key development in this period has been that the specialisation of this group in technology-driven industries and sectors with high innovation or high education intensity increased further (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Netherlands, Sweden and the United Kingdom).
2. **The second group** includes countries with industry specialisation in less technologically advanced sectors, despite the presence of some highly competitive industries. The prevalence of labour intensive industries, low innovation and relatively low knowledge intensity lead to fewer high-growth firms, at least compared to the first group of countries (Cyprus, Greece, Italy, Luxembourg, Portugal and Spain).
3. **The third group** comprises countries that are catching up in terms of GDP per capita, and whose trade specialisation is in high-innovation intensity sectors and technology-driven industries. They have achieved a structural change from labour-intensive industries towards technology-driven industries on both production and trade (Czech Republic, Hungary, Malta, Poland, Slovakia and Slovenia).
4. **The fourth group** of countries are those that are catching up, but with trade specialisation in technologically less advanced sectors (Bulgaria, Estonia, Latvia, Lithuania and Romania).

To boost competitiveness it is necessary to move towards innovative, knowledge-based sectors, decisive actions to facilitate change by improving product market regulation, supporting innovation and investing in education and training throughout the lifecycle are necessary.

(2) Innovative industry: although many Member States have taken steps to intensify their support for research and innovation, to ensure the most efficient use of limited resources they should **reduce the fragmentation of support schemes**. Widely used measures include loan schemes for technology investments, access to funding for key enabling technologies and grants for technology upgrading. Some have set up innovation support services and backed the emergence of **clusters**. More specifically, competitiveness would be strengthened by:

- pooling scarce resources to help to achieve critical mass in bringing innovation to the market; and by increasing cooperation in innovation to create large scale demonstration projects and pilot test facilities;
- reducing the fragmentation of innovation support systems, facilitating bringing innovative solutions to the market, and increasing the market focus of research projects. Denmark and Austria have successfully reduced the fragmentation and the United Kingdom has schemes to bring innovative solutions to the market.

(3) Sustainable industry: overall, Member States have made significant progress in defining and implementing consistent national legislative frameworks for stimulating energy efficiency. In spite of the progress made, rising world market prices for energy and national distortions have been reflected in higher prices for enterprises, in particular for SMEs.

Access to non-energy, non-agricultural raw materials is another essential factor for the competitiveness of EU industry. Some Member States lack the experience and the administrative capacity to do this and for these countries the framework legislation at the EU level can provide guidance and support. Competitiveness would be strengthened by:

- favouring energy and raw material efficiency and promoting innovation and deployment of cleaner technologies along value chains with the use of long-term incentives that encourage market creation and facilitate the participation of SMEs in these processes. As outlined above, many Member States have made considerable progress with these issues;
- ensure fair and undistorted pricing of energy, and continue to work on upgrading and interconnecting energy distribution networks.

In addition, in order to improve competitiveness and sustainability of the European industry, favouring and promoting social entrepreneurship in Europe, in particular in enhancing its public profile and its access to public and private finance (especially through Social investment Funds).

(4) Towards a more business-friendly Europe: while all Member States have adopted national targets for **reducing administrative burden**, not all of them have made progress in measuring the current burden or proceeded to cut it. The high quality and availability of **infrastructure** (energy, transport, and broadband) make an important contribution to a business-friendly environment. Given that improving the transport infrastructure is a major challenge especially in the new Member States, significant investments for rebuilding and modernisation should continue, including with the support of Structural Funds and the Connecting Europe Facility.

Businesses need a **modern public administration**, able to deliver efficient and high quality public services. An important area providing scope for improvement is the **taxation** of businesses. While the overall effective corporate tax rate and the balance of taxes on labour as opposed to resource use are issues where further reflection is needed at the EU and Member State levels, the reduction of compliance burden deriving from taxation can greatly improve the business environment. This implies increasing transparency and reducing the complexities of tax codes and compliance regulations, simplifying payment procedures, including through the use of e-government, and ensuring the stability of taxation legislation.

In this context, competitiveness would be strengthened by:

- reducing the administrative burden on businesses by evaluating the current burden (including that due to the tax code) and rapidly reducing burdens to targets. For example, the Netherlands has been a pioneer in measuring and evaluating the reduction of administrative burden and in setting ambitious targets, resulting in a globally recognised efficiency;
- promoting competition among service providers that use the infrastructures in broadband, energy and transport.

(5) The Single Market: the Commission considers that the Single Market could contribute more to growth if all the European legislation currently in force was fully implemented by all Member States. The goal is to put an end to market fragmentation and to eliminate barriers to the movement of goods, services, innovation and creativity as noted in the Single Market Act. Competitiveness would be strengthened by:

- developing support for innovative services based on measurable outcomes; and by participating in the Innovation Partnerships and in large-scale demonstration projects;
- fully implementing the Single Market legislation, in particular the Services Directive and promoting business services.

(6) SMEs: to fully unleash the potential of SMEs requires coherent actions across the EU in line with the [SBA Review Communication](#). Trade promotion by Member States improves the global presence of European firms and most Member States support the **internationalisation of SMEs**, providing finance, information and support on market access and regulation. Other measures are proposed include:

- facilitating the growth of SMEs by ensuring that regulations do not pose obstacles to expansion; by favouring access to appropriate finance; and by providing support services for accessing new markets, and publicising these;
- ensuring that public administrations reduce payment times and adhere strictly to the Late Payments Directive.

Further steps: the Commission will:

- **strengthen the coordination of Member States' industrial policies** by promoting and monitoring growth-enhancing structural improvements to achieve the targets of the Europe 2020 strategy;
- by first quarter of 2012 provide a **forum** for identifying and discussing good practices in promoting growth through industrial policies.

Small and medium size enterprises (SMEs): competitiveness and business opportunities

2012/2042(INI) - 23/11/2011 - Document attached to the procedure

PURPOSE: to propose a framework to minimise the regulatory burden for SMEs.

BACKGROUND: small and medium-sized enterprises (SMEs) play a key role in shaping Europe's economy, accounting for 99 % of enterprises, of which 92 % are micro-enterprises. They provide more than two thirds of private sector employment and play a key role in economic growth. They have a crucial importance to the European economy as employers and sources of innovation.

The Commission is committed to support their development, notably through the "[Small Business Act](#)" with its "Think Small First" principle and by facilitating, amongst other things, access to EU funding. The Commission's [Smart Regulation](#) agenda also aims to help small businesses by minimising the regulatory burden of legislation that is deemed necessary at EU level.

The financial crisis is having a severe impact on many of the smallest companies in the EU economy. It is, therefore, essential to free up micro enterprises to allow them pursue their business goals without unnecessary regulation.

This paper outlines ways of taking the concept of "Think Small First" a step further to deliver rapid results. It sets out how the Commission will strengthen the use of exemptions or specific, lighter legislative regimes for SMEs or micro companies. It also explains how this will be followed up through the legislative process and implementation.

CONTENT: the Commission is taking action to produce SME friendly legislative proposals, like that exempting micro-entities from unnecessary legal requirements in accounting directives. It is fully committed to assessing the impacts of new or revised legislation on SMEs through its well developed impact assessment process; it also regularly evaluates whether legislation is delivering what it was intended to do. Through the [Small Business Act](#) (SBA) and [Single market Act](#) (SMA) it is taking steps to facilitate access to finance for SMEs, one of the biggest challenges they face in the current crisis. Extensive simplification measures are being applied to help SMEs take part in EU funded programmes. The latest Commission proposal on Cohesion Policy, for example, introduced a core set of common rules for the five funds concerned (the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFDR) and the European Maritime and Fisheries Fund (EMFF)), including simplified reimbursement methods, which will significantly simplify the conditions for access to EU funds for SMEs.

Simplification measures: the Commission has run two exercises to improve existing legislation. Simplification Programme to streamline, update and consolidate EU law: around 200 proposals have been adopted that bring substantial benefits for businesses. Second, the Administrative Burden Reduction Programme: Commission proposals representing a 33% reduction of the targeted burdens, well beyond the 25% objective, have been tabled. The legislator has adopted proposals amounting to a 22% reduction. Member States have started to

implement some of these measures.

Beyond simplification: the "SME test": in order to strengthen the focus on exemptions and tailor-made legislation for microenterprises and SMEs, the Commission has started to work to reverse the burden of proof. From January 2012 the Commission's preparation of all future legislative proposals will be based on the premise that in particular **micro-entities should be excluded from the scope of the proposed legislation unless the proportionality of their being covered can be demonstrated**. This demonstration is a new element to be included in the SME test. Thus modified, the test will de facto reverse the burden of proof and focus the preparation of EU law on the specific situation of SMEs and micro companies.

From the same date the Commission will also ensure that, in cases where micro enterprises must be covered by its legislative proposals for wider public policy reasons, its proposals will be substantiated via the introduction of a micro-entities dimension in the "SME test" which forms part of the regular Impact Assessment. To achieve this major shift in policy and to make sure that it is followed through to the implementation phase, the Commission will establish a **scoreboard**, updated on a yearly basis, which will show:

- all exemptions and lighter regimes for SMEs and micro companies proposed by the Commission as well as other proposals where the impact on smaller operators has been identified as a major factor;
- the way they change during the co-decision process and the final outcome of the legislation as adopted by the European Parliament and Council;
- the subsequent implementation by each Member State of these provisions, with a particular emphasis on highlighting "gold plating" where this is done at the national or regional level.

This will allow all interested parties to identify where progress is made – or where different stages in the EU legislative cycle backtrack on simplification, etc.

Involve SMEs in better law-making and in evaluating the progress made: the Commission will provide SMEs with better tailored opportunities to give their views and help to shape decisions targeting their needs. It will discuss with them their preferred way to mitigate the regulatory burden in different types of situations or domains. In the field of social policy the Commission will use the consultation process with the European social partners provided under Article 154 of the Treaty, before issuing a proposal.

In addition, the Commission is reviewing its consultation process as a follow-up to the Smart Regulation Communication and intends to make the following changes:

- the Commission will strengthen the involvement and consultation of small businesses in better law-making;
- specific SME Panel consultations, within the Enterprise Europe Network, will be used more often to provide direct input from SMEs to the Commission's impact assessment process and for a range of other purposes: for instance, an on-going consultation invites SMEs to report on the most burdensome obstacles they are facing in the Internal Market;
- dedicated conferences with SMEs and micro companies in the Member States, with the Commission listening and collecting problems presented by SMEs and micro companies, are currently being tested and will be rolled out on a larger scale in the framework of the Smart Regulation Agenda and the Small Business Act;
- the Small Business Act Review introduces a new governance structure to ensure that SMEs' views are considered in the uptake and effective implementation of the Act. In the newly established network of national SME Envoys and the SME Assembly, the European and national SME organisations will report on and evaluate the uptake of the Small Business Act and promote the exchange of good practices, typically on how to ensure SME-friendly legislation and to avoid unnecessary regulatory burden;
- the network of national SME Envoys will have the opportunity to provide their views on where exemptions or lighter regimes are most needed and how they should be framed. The Commission's SME Envoy will liaise with SME stakeholders and make sure SME interests are taken into account in the Commission's business-relevant proposals;
- a dedicated webpage, will be created to identify the top 10 EU legislative acts considered to place burdens on micro companies and SMEs. This will be used to make focused and tailor-made revisions of these legislative acts.

The financing of these actions and initiatives will be covered by existing or planned programmes consistently with the current Multi-Annual Financial Framework and the proposals for the new framework 2014-2020.

Role of the Member States: in order to minimise the regulatory burden on SMEs and micro-enterprises, the Commission calls upon the Member States to make sure that they apply the same principles set out above and, in particular, that they:

1. involve the small business community closely in law-making right from the start;
2. take the "Think Small First" principle a step further by applying it systematically in national law-making and considering lighter requirements and exemptions on a case-by-case basis where appropriate; and
3. apply the "SME Test" in impact assessments and strengthen the micro enterprise dimension of the Test.

The national SME Envoy should have a key role in his/her country to monitor the implementation of these actions in close cooperation with SME organisations.

Further steps: the Council and European Parliament are invited to support this approach and to use the Commission Scoreboard to track exemptions and lighter requirements for micro enterprises through the co-decision and implementation process.

Small and medium size enterprises (SMEs): competitiveness and business opportunities

2012/2042(INI) - 09/11/2011 - Document attached to the procedure

PURPOSE: to propose a new partnership to help SMEs seize global opportunities in the framework of the 'Small Business, Big World' initiative.

BACKGROUND: the European Union needs to find new sources of growth to create jobs and wellbeing for its citizens. Major non-EU markets such as China, India, Russia and Brazil, with strong growth rates or potential represent significant opportunities for EU companies.

Given the current economic context, exports to expanding markets outside the EU can be a solid source of economic growth. Internationalisation beyond the external border of the EU is the step SMEs need to take to go and seize these opportunities.

Promoting and supporting **SMEs' economic activities outside the EU** is therefore an important part of the Union's overall competitiveness strategy as outlined in the Europe 2020 flagship [Communication on an Integrated Industrial Policy](#), the reviewed [Small Business Act](#) for Europe and the recent [EU trade policy communication](#). This builds on and complements the Commission's commitment to boost the benefits of the Internal Market for SMEs.

Europe's 23 million SMEs, account for two thirds of jobs in the private sector and 59 % of total value added in the non-financial business economy in 2010. Around 80 % of new jobs over the past five years have been created by SMEs.

While 25% of EU-based SMEs were involved in exports to the Internal Market and beyond in the last three years, **only 13% of EU SMEs are internationally active outside the EU** through trade, investment or other forms of cooperation with foreign partners. The goal of the strategy which is proposed by this document is, on the other hand, creating the conditions to make SMEs equally engaged in markets outside the EU.

With a view to both the Europe 2020 objectives and public concerns, this Communication proposes to review the existing support structures available to SMEs, identifies the main problem areas, proposes a set of measures where European-level action can add most value, and sets out guiding principles for the most coherent and efficient use of scarce financial resources in priority markets such as China, Brazil, India, Russia, the US or Japan.

It aims to establish a more coherent and effective EU strategy for supporting SMEs in international markets, to propose better ways of offering them relevant information and assistance in their attempts to penetrate new markets and search for the right partners, and thus to make better use of existing resources.

CONTENT: significant resources are already devoted to business support at national and EU level. This involves the public as well as the private sector. A recent survey for the Commission provides an inventory of **more than 300 support programmes for the purpose of assisting business internationalisation in the EU and its Member States**. A European strategy for SME internationalisation therefore has to take into account an existing landscape of diverse policies and implementation activities.

The need for better cost effectiveness: the broad rationale for the existing range of internationalisation support appears to be well-founded, but not all international support programmes are equally effective. The large number of measures and bodies contribute to a situation where it is difficult for SMEs to actually identify and make use of the available support. At a time when public finances are scarce, there is a strong case for considering how collaboration and networking within the EU could increase both efficiency and impact of existing measures. Therefore, future action should aim first and foremost at more transparency, more coherence and more collaboration to deliver a more cost-effective "division of labour" between existing EU programmes, between the European Union and its Member States, among Member States, and between public and private sector bodies.

This Communication therefore proposes a more coherent and integrated approach to SME support, **based on a detailed mapping of existing support services in priority markets. It also establishes a set of guiding principles for EU action in this field.**

The objectives of the new EU strategy are:

- to provide SMEs with easily accessible and adequate information on how to expand their business outside the EU;
- to improve the coherence of support activities;
- to improve the cost-effectiveness of support activities;
- to fill existing gaps in support services;
- to establish a level playing field and provide equal access for SMEs from all EU Member States.

The instruments that will be used to achieve these objectives are described in the Communication. Amongst the proposed measures, the following may be noted:

Delivering information to the SME's doorstep: the Commission will:

- give a new governance structure to the Enterprise Europe Network, improving its functioning;
- launch in 2012 a multilingual online portal that will provide third country- and sectorspecific information about priority markets and a detailed overview of the different support services available. The portal will be covered by the existing Competitiveness and Innovation Programme and, building on existing databases such as the Market Access Database, the Export Helpdesk and the European Customs Information Portal, provide Business Opportunity and Risk Profiles comprising indicators such as economic situation, trade barriers, bureaucratic burden, customs procedures, public procurement regimes and other information for exporting SMEs;
- launch in 2012 an awareness-raising campaign with Member States and stakeholders to familiarise SMEs with available support services.

Bringing a European dimension to the supply of services for SMEs in priority markets:

- facilitate cross-border cooperation and access to complementary expertise among service providers, notably through financial incentives that could be covered by the new programme for business competitiveness and SMEs ([COSME 2014-2020](#)) within the proposed multiannual financial framework 2014-2020;
- subject existing measures to periodic evaluation, involving all major stakeholders together with Member States, evaluate, optimise and promote the EU portfolio of business support for SMEs in non-member countries on the basis of best practices.

Promoting SME internationalisation through clusters and networks:

- encourage and finance the establishment of training programmes for entrepreneurs, SME managers, and managers of clusters, business networks and export consortia in order to enable them to steer internationalisation operations;
-

promote the creation of export consortia between SMEs established in different Member States through a range of measures including information campaigns and financial incentives, encouraging synergies;

- support cross-border cooperation between cluster/networks through lending backed by EU guarantees.

Rationalising new activities in priority markets: the EU will identify priority markets for SMEs on the basis of the above criteria. These may include the EU's major current trading and investment partners (US, China, Russia, Japan), the enlargement countries and the European Neighbourhood Policy partners in the East and the South as well as markets generating strong economic growth (emerging markets in Asia, Africa and Latin America).

Mainstreaming SME internationalisation into other EU policies and creating a favourable environment for SME international activities:

- step up its efforts to remove remaining tariff and non-tariff barriers in non-EU countries;
- create in the trade and economic sections of all relevant EU Delegations contact points for SMEs as part of the work of Market Access Teams;
- pursue in its regulatory dialogues with partner governments the objective of making markets more open and friendly to small businesses;
- improve the communication to SMEs of the economic benefits to be gained from trading internationally and created by trade policy measures, particularly bilateral free trade agreements;
- raise SME awareness of possible autonomous tariff suspensions and quotas and assess their impact on SMEs as part of an evaluation to be launched in 2012.

Further steps: all EU institutions and relevant SME stakeholders, in partnership, will be involved in the implementation of this strategy and should adhere to the priorities and guiding principles set out in this Communication when considering new activities in support of SME internationalisation, in both the short and the longer term. Member States are encouraged to adopt a similar approach and work in close cooperation with the Commission in strengthening the support environment for European SMEs' international growth.

Small and medium size enterprises (SMEs): competitiveness and business opportunities

2012/2042(INI) - 28/09/2012 - Committee report tabled for plenary, single reading

The Committee on Industry, Research and Energy and the Committee on International Trade adopted the joint own-initiative report by Paul RÜBIG (EPP, AT) and Iuliu WINKLER (EPP, RO) on Small and Medium Size Enterprises (SMEs): competitiveness and business opportunities.

Su-divided into three parts, the report focuses on the policies relating to SMEs recalling that 85% of all new jobs in the EU between 2002 and 2012 were created by SMEs and that 32.5 million people in the EU are self-employed. This sector is therefore the lung of the European economy.

1. "Small Business, Big World"

Members note the common structural and regulatory challenges faced by SMEs, such as access to finance, human capital and organisational resources, and welcome the fact that the **Commission endeavours to promote and support SMEs' economic activities in the single market and third country markets**. Underlining the importance of internationalising SMEs to improve their competitiveness, Members reject the belief that sheltering EU SMEs from international competition could help them grow and perform better on the international stage. The EU should support a positive agenda benefitting its SMEs in international negotiations in order to lower barriers, on a reciprocal basis, in the interests of SMEs globally. Members consider that internationalisation and protection constitute two sides of the same coin of the globalisation process. They underline that significant differences exist among SMEs, which implies putting **differing policies** in place. Members believe that, the EU, in concert with the Member States, should support and promote incentives to develop SMEs in strategic sectors in a **proactive fashion** by adding value to already existing initiatives, especially when it concerns high-value-added and technologically advanced manufacturing activities offering a competitive edge over emerging economies.

Among the measures proposed, the following are noteworthy:

- **improved information for SMEs:** Members urge the Commission to launch the multilingual online portal for SMEs by the end of 2013, easily accessible and user-friendly and likely to raise the number of EU SMEs that do engage internationally. For increased and more efficient support for SMEs in access to the single and third country markets at the EU, national and regional level, Members consider that the Enterprise Europe Network (EEN) should be strengthened, making sure that the functioning and governance of its constituent organisations is strengthened and awareness of its support services is raised. They also urge the adoption of a single network of export helpdesks at a local and regional level, run in cooperation with businesses, chambers of commerce, universities and other interested stakeholders, so that SMEs can have an **easily identifiable single contact point**;
- **mapping of support services:** Members support the proposal that a large number of local, regional, national and EU support schemes should undergo a "mapping exercise"; this exercise should be in place by the end of 2012. In general, they urge that duplication of advisory services is avoided via an inventory of available advisory services and avoiding creating unnecessary new structures;
- **promoting EU clusters and networks:** Members support the Commission's suggestion to enhance cooperation between various company associations, chambers of commerce and other actors active in the single market and in third countries in order to facilitate business partnerships and promote clusters and access to new markets. They consider that the creation of joint ventures or other partnership agreements between or with SMEs should be fostered as a strategy.

Future steps: Members recommend that the Commission consider all dimensions related to internationalisation, namely exporting and importing, including various forms of economic partnerships and cooperation. In particular, they call for **the integration of Union policies in favour of SMEs**.

Members particularly welcome the programme for the competitiveness of SMEs (**COSME**) and the new measures foreseen by the programme. They propose a **significant increase in the budget for COSME**. They ask moreover for: i) the inclusion, in the programme "**Erasmus for all**" of a programme

for “young entrepreneurs”; ii) the creation of a European standardisation system that includes SMEs more systematically in the decision making processes; iii) an efficient intellectual property rights (IPR) and copyright regime for promoting the internationalisation of SMEs; iv) a simplified and transparent EU regulatory framework for public procurement, so that SMEs gain better access to public contracts both within the EU and in third countries; v) fostering research and innovation; vi) the enhanced value of European production through the adoption of the [Regulation on “marking of origin”](#) (“made-in”) of products imported into the EU. Members strongly urge the finalisation as soon as possible of an agreement on the **common patent**, and at the latest by the end of 2012.

Members also call for due consideration to the needs of SMEs when reforming the EU’s TDIs as well as better access of SMEs to anti-dumping procedures.

2) Administrative burdens

Regulatory approach: Members urge the Commission to review existing legislation and to come up with a new and ambitious reduction target in accordance with the “[Small Business Act](#)” (SBA) for Europe. This **new target should be net, measurable and verifiable**. It should achieve a qualitative improvement, for instance by reducing the amount of documentation required from SMEs and ensuring that SMEs are not faced with unrealistic deadlines for submitting documentation. Members stress their disappointment concerning the shallow and inconsistent application of the **SME test** by the Commission and call for its strengthening, including microenterprises.

Several other measures are proposed including:

- improved transposition of EU legislation into national law;
- reduced scope for gold-plating;
- support for the idea of “one in, one out” as a guiding principle for EU single market legislation to ensure that no new legislation which imposes costs on SMEs can be brought in without the identification of existing regulations within a given field and of an equivalent value that can be removed;
- strengthening the role of the SME Envoy network;
- underlining the importance of discussions with the social partners in the planning of national actions aimed at strengthening and promoting small and medium entrepreneurship.

SME definition: Members, in particular, take note of the current evaluation of the SME definition which already covers more than 99 % of all EU businesses. They call on the Commission to examine the impact of: a) increasing flexibility and mitigating disincentives to growth (e.g. by extending transition periods to 3 years), b) adapting the turnover and balance sheet ceilings to economic developments and c) allowing for a more differentiated consideration of each of the sub-categories.

Other measures are proposed with a view to realising a real digital single market by 2015 that favours on-line trade.

3) Reinforcing industrial and SME competitiveness: whilst Members welcome the Communication from the Commission entitled “Industrial policy: Reinforcing competitiveness” and the concept of competitiveness proofing, they urge the Commission to apply this concept consistently and thoroughly.

In general, they call for better promotion of the spirit of enterprise, free trade and access to global markets.

However, Members seek the development of the following points:

- better involvement of SMEs in energy efficiency and environmental plans;
- taking into accounts the views of SMEs in seeking to attain the “Europe 2020” strategy, notably to create employment, in particular youth employment, and the reduction of poverty.
- easier access to micro-credit through the European Microfinance Facility, and the further development of this instrument – in the context of [Programme for Social Change and Innovation for the period 2014-2020](#);
- strengthening entrepreneurship and the right framework conditions for SMEs’ competitiveness and growth, including through infrastructure investments such as in green infrastructure;
- efficient safeguards for SME portfolios, in view of the increased capital requirements for banks;
- ambitious programmes to promote entrepreneurship.

For better fund-raising for SMEs: Members call for several measures to ease access to finance for SMEs, especially microenterprises. Notably, they suggest **the reduction to 15 days for the time required to obtain a small loan (less than EUR 25 000)**. They call on the Commission to look into new fund-raising initiatives for entrepreneurs and start-ups such as crowd funding and to ensure, in the future multiannual financial framework, easier access by SMEs to European funds. These efforts should also facilitate investment opportunities for innovative start-ups.

In addition, Members consider that the future COSME, Horizon 2020, as well as Structural Funds Programmes under the next MFF, should earmark sufficient amounts to support SME efforts to innovate and generate employment.

Structural funds: Members underline that the Structural Funds, and in particular the European Regional Development Fund (ERDF), are an important instrument for supporting innovative SMEs by boosting their competitiveness and, especially, their internationalisation. In this context, eligibility for such support should therefore be interpreted as broadly as possible. Overall, **Members call on the European Council to preserve the cohesion policy budget for the next programming period**, as the Structural and Cohesion Funds are among the EU’s most effective instruments for creating growth and jobs, increasing competitiveness of the European economy and supporting SMEs.

Tax system: lastly, Members call for 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. They encourage the Member States to establish a level playing field for all forms of finance. They also ask for a **regulatory environment that facilitates business transfers** and removes fiscal barriers (inheritance tax, gift tax, etc.). Overall, they call for lower taxes on labour and investments.

Small and medium size enterprises (SMEs): competitiveness and business opportunities

2012/2042(INI) - 23/10/2012 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on Small and Medium Sized Enterprises (SMEs): competitiveness and business opportunities.

Subdivided in three, the resolution focuses on the policies relating to SMEs recalling that 85% of all new jobs in the EU between 2002 and 2012 were created by SMEs and that 32.5 million people in the EU are self-employed. This sector is therefore the lung of the European economy. Parliament also underlines that more than 96% of SMEs in the European Union have fewer than 50 employees and less than EUR 10 million in annual turnover, that their ability to export goods and services across national borders is limited, and that their internationalisation is vital to favour their development.

1. "Small Business, Big World"

Parliament notes the common structural and regulatory challenges faced by SMEs, such as access to finance, human capital and organisational resources, and welcomes the fact that **the Commission endeavours to promote and support SMEs' economic activities in the single market and third country markets**. Underlining the importance of internationalising SMEs to improve their competitiveness, Parliament **rejects the belief that sheltering EU SMEs from international competition could help them grow and perform better on the international stage**. The EU should support a positive agenda benefitting its SMEs in international negotiations in order to lower barriers, on a reciprocal basis, in the interests of SMEs globally. Parliament considers that internationalisation and protection constitute two sides of the same coin of the globalisation process.

Parliament underlines that significant differences exist among SMEs, which implies putting **differentiated policies** in place. Among other measures, Parliament recommends in particular rethinking the minimum size requirements for SME trade support programmes, which have usually been based on the industry SMEs' export model, under which the firm can expand internationally after reaching a critical size.

The EU, in concert with the Member States, should support and promote incentives to develop SMEs in strategic sectors **in a proactive fashion** by adding value to already existing initiatives, especially when it concerns high-value-added and technologically advanced manufacturing activities offering a competitive edge over emerging economies.

Among the measures proposed, the following are noteworthy:

- **improved information for SMEs:** Parliament urges the Commission to launch the **multilingual online portal for SMEs by the end of 2013**, easily accessible and user-friendly and likely to raise the number of EU SMEs that do engage internationally. For increased and more efficient support for SMEs in access to the single and third country markets at the EU, national and regional level, it considers that the Enterprise Europe Network (EEN) should be strengthened, making sure that the functioning and governance of its constituent organisations is strengthened and awareness of its support services is raised. It also urges the adoption of a single network of export helpdesks at a local and regional level, run in cooperation with businesses, chambers of commerce, universities and other interested stakeholders, so that SMEs can have an easily identifiable **single contact point**;
- **mapping of support services:** Parliament supports the proposal that a large number of local, regional, national and EU support schemes should undergo a "mapping exercise"; this exercise should be in place by the end of 2012. In general, it urges that duplication of advisory services is avoided via an inventory of available advisory services, funding instruments and the avoidance of creating unnecessary new structures. In particular, Parliament insists that tools currently available to all EU firms when they export, such as the Market Access Database and the Export Helpdesk, should be adapted to suit the needs of SMEs;
- **promoting EU clusters and networks:** Parliament supports the Commission's suggestion to enhance cooperation between various company associations, chambers of commerce and other actors active in the single market and in third countries in order to facilitate business partnerships and promote clusters and access to new markets. It considers that the creation of joint ventures or other partnership agreements between or with SMEs should be fostered as a strategy.

Future steps: Parliament recommends that the Commission consider all dimensions related to internationalisation, namely exporting and importing, including various forms of economic partnerships and cooperation. In particular, it calls for the **integration of Union policies in favour of SMEs**.

Parliament particularly welcomes the programme for the competitiveness of SMEs (**COSME**) and the new measures foreseen by the programme. It favours **a significant increase in the budget for COSME**. Moreover, it calls for: i) the inclusion, in the programme "**Erasmus for all**" of a programme for "young entrepreneurs" and the examination of the possibility of an "Erasmus Mundus for entrepreneurs" to offer talented entrepreneurs the opportunity to acquire experience in centres of excellence outside the European Union; ii) the creation of a European standardisation system that includes SMEs more systematically in the decision making processes; iii) an efficient intellectual property rights (IPR) and copyright regime for promoting the internationalisation of SMEs (particularly in China); iv) a simplified and transparent EU regulatory framework for public procurement, so that SMEs gain better access to public contracts both within the EU and in third countries; v) fostering research and innovation; vi) the enhanced value of European production through the adoption of the **Regulation on "marking of origin"** ("made-in") of products imported into the EU. Parliament strongly urges the finalisation, as soon as possible, of an agreement on the **common patent**, and at the latest by the end of 2012, similar to the protection available to their competitors in the US, China and Japan.

It also calls for SMEs' needs to be taken into account in the context of the current WTO trade negotiations and for better, less costly and faster access of SMEs to anti-dumping procedures. In this context, it calls for a clearer definition of **SME priority markets** including high-growth markets, such as the BRIC countries, but also in neighbouring regions.

2) Administrative burdens

Regulatory approach: Parliament urges the Commission to review existing legislation and to come up with a **new and ambitious reduction target** in accordance with the "**Small Business Act**" (SBA) for Europe. This new target should be **net, measurable and verifiable**. It should achieve a qualitative improvement, for instance by reducing the amount of documentation required from SMEs and ensuring that SMEs are not faced with unrealistic deadlines for submitting documentation. Parliament is disappointed concerning the shallow and inconsistent application of the **SME test** by the Commission and **calls for it to be made systematic, and to include micro-enterprises**.

Several other measures are proposed including:

- improved transposition of EU legislation into national law;
- **reduced scope for gold-plating**;
- a 'fitness check' of existing EU legislation in order to eliminate inconsistencies and outdated or ineffective rules;
- support for the idea of "one in, one out" as a guiding principle for EU single market legislation to ensure that no new legislation which imposes costs on SMEs can be brought in without the identification of existing regulations within a given field and of an equivalent value that can be removed;
- strengthening the role of the SME Envoy network;
- underlining the importance of discussions with the social partners in the planning of national actions aimed at strengthening and promoting small and medium entrepreneurship, as well as of civil society organisations.

SME definition: in particular, Parliament calls for the **evaluation of the SME definition** which already covers more than 99 % of all EU businesses. It calls on the Commission to examine the impact of: a) increasing flexibility and mitigating disincentives to growth (e.g. by extending transition periods to 3 years), b) adapting the turnover and balance sheet ceilings to economic developments and c) allowing for a more differentiated consideration of each of the sub-categories.

Other measures are proposed with a view to realising a **real digital single market by 2015** that favours on-line trade. Recognising that e-commerce is an enabling tool for SMEs that want to enter new markets and expand their customer base, Parliament regrets that the EU is lagging behind other global actors, such as Japan and South-Korea, having only 2 % of internet connections operating on fibre.

Parliament also stresses that it is necessary to implement and apply extensive simplification measures, including simplified reimbursement methods, to help SMEs take part in EU-funded programmes.

3) Reinforcing industrial and SME competitiveness

Whilst Parliament welcomes the Communication from the Commission entitled "Industrial policy: Reinforcing competitiveness" and **the concept of competitiveness proofing**, it urges the Commission to apply this concept consistently and thoroughly.

In general, it calls for better promotion of the spirit of enterprise, free trade and access to global markets.

Parliament, however, considers the development of the following points to be of importance:

- the better involvement of SMEs in energy efficiency and environmental plans;
- the taking into account of the views of SMEs in seeking to attain the "Europe 2020" strategy, notably to create employment, in particular youth employment, and to reduce poverty;
- the promotion of self-employment and the creation of micro-enterprises as potentially good and flexible options to fight unemployment;
- the easier access to micro-credit through the European Microfinance Facility, and the further development of this instrument – in the context of [Programme for Social Change and Innovation for the period 2014-2020](#);
- the strengthening entrepreneurship and the right framework conditions for SMEs' competitiveness and growth, including through infrastructure investments such as in green infrastructure;
- efficient safeguards for SME portfolios, in view of the increased capital requirements for banks;
- ambitious programmes to promote entrepreneurship;
- the transposition of the Directive on Late Payments.

For better fund-raising for SMEs: Parliament calls for several measures to ease access to finance for SMEs, especially micro-enterprises. Notably, it suggests the **reduction to 15 days for the time required to obtain a small loan (less than EUR 25 000)**. It calls on the Commission to look into new fund-raising initiatives for entrepreneurs and start-ups such as crowd funding and to ensure, in the future multiannual financial framework, **easier access by SMEs to European funds**. These efforts should also facilitate investment opportunities for innovative start-ups.

In addition, Parliament considers that the future COSME, Horizon 2020, as well as Structural Funds Programmes under the next MFF, should earmark sufficient amounts to support SME efforts to innovate and generate employment.

Structural funds: Parliament considers that the Structural Funds, and in particular the European Regional Development Fund (ERDF), are an important instrument for supporting innovative SMEs by boosting their competitiveness and, especially, their internationalisation. In this context, eligibility for such support should therefore be interpreted as broadly as possible. **It calls on the European Council to preserve the cohesion policy budget for the next programming period**, as the Structural and Cohesion Funds are among the EU's most effective instruments for creating growth and jobs, increasing competitiveness of the European economy and supporting SMEs.

Tax system: lastly, Parliament calls for 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. It encourages the Member States to establish a level playing field for all forms of finance. It also asks for a **regulatory environment that facilitates business transfers** and removes fiscal barriers (inheritance tax, gift tax, etc.). It, moreover, calls for lower taxes on labour and investments.