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# **Craft and small enterprises — a driving force for growth in Europe**

*Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort*

At the opening of the 4th European Conference on Craft and Small Enterprises “Challenges and opportunities for craft and small enterprises in the European Single Market”

**Stuttgart, 16 April 2007**

Ladies and gentlemen,

I am pleased to be able to welcome you to the fourth European Conference on Craft and Small Enterprises here in Stuttgart.

Recently we celebrated the fiftieth anniversary of the signing of the Treaties of Rome. Over these fifty years we have demonstrated one thing above all others: where Europe is united, peace and equal opportunities have become a reality.

But there is no reason at all to rest on our laurels. Peace has not been brought to the entire continent and we are still feeling the after-effects of the Iron Curtain, even after enlargement, in the greater differences in living conditions and in the effort required to achieve our aim of becoming the most competitive and innovative region of the world.

What we have in common, however, and the Berlin Declaration clearly underlined this, is that we are determined to take the ambitious route to upholding our European ideals.

Today, the European Community stands for a model of civilisation which is unique in human history. It stands for balance, cooperation and prosperity, social equality and sustainability. If we look at other parts of the world, we see that none of this can be taken for granted. It is all the result of a fresh start after Europe, prompted by Germany, involved mankind in two terrible and tragic wars.

What we also have in common is that other peoples and regions in the world look to us with hope, have faith in our support and seek a partnership with us.

And it is common ground that we have special responsibility for tackling the major issues of the twenty-first century — the fight against poverty and underdevelopment and against climate change.

We owe it to ourselves and the peoples with whom we share the planet that we have the strength in the twenty-first century to take responsibility for ourselves and others and find solutions geared to people's main concerns in life — peace, security, work, dignity and mutual respect, with our children, and without doom scenarios.

For this reason we must make sure of our strengths - everywhere and in every sphere of life. Only if we do so will we be in a position to pull our weight as a effective, respected and prosperous part of the world, speaking for almost 500 million Europeans, in order to solve the modern-day problems of mankind in the twenty-first century too.

One might ask what all this has got to do with this conference. My answer is quite clear — our future prospects will partly be decided by the vitality and innovative capacity of small and medium-sized enterprises in Europe. These 23 million enterprises are — so to speak — THE European economy. They are the crucial providers of growth, the largest European employer and the driving force for European training and employment. Crafts are the largest enterprise in Europe. They decide whether a region flourishes or not. It is they, as enterprises for local and regional concerns, that often do much more than the law requires — and often without saying a word about it — because of their social responsibility for the public good and we have not by any means given them the thanks and recognition that their commitment actually deserves.

However, when we talk about small and medium-sized enterprises, we are really talking about craft and small enterprises, which dominate everywhere in Europe. Several attempts were therefore made to give these enterprises the support they needed at European level so that they would attract customers and be competitive tomorrow as well. So far, these have not met with much success. One reason was certainly that not all Member States recognise crafts as a separate sector or have a very different understanding of what they are. Diversity rules here, as it tends to in Europe, and any attempt to adopt a one-size-fits-all approach would be doomed to failure. The abundance and/or diversity of the crafts sector is quite simply endless. But it is still true to say that the vast majority of craft and small enterprises in Europe are the keystone of the economy and it is also true to say that they have a great deal in common and feel that they are facing much the same challenges, although they have quite different occupations.

We have therefore decided to adopt a new approach which concentrates resolutely on improving the basic operating environment for these enterprises.

We would like to present this joint new approach at the fourth conference. Following on from two preliminary conferences in Poland and Hungary, we have two days of detailed discussions ahead of us in order to come to joint conclusions which should then be a guideline for our activities in a genuine partnership — at European, national, regional and municipal level, in the associations and, of course, by the enterprises themselves.

However, we are not starting from scratch today. Since 2005, we have introduced a new policy for small and medium-sized enterprises in the framework of the European partnership for growth and employment. "Think small first" has become the watchword for the European Commission's activities. We have launched a policy for better lawmaking which is geared to simplifying legislation and cutting red tape throughout Europe. At the Commission, every new piece of legislation now has to be preceded by an impact assessment procedure. This also takes into account the consequences a law might have for SMEs. Only once many factors have been examined thoroughly is it decided whether there is actually any need for the legislation. At the same time, we want to reduce the costs of bureaucracy in the EU by 25% by 2012 in order to give employers in Europe more scope for creativity. We expect that this could produce a productivity gain of €150 billion in Europe, which would translate into more jobs, more research and more innovative capacity.

All this has a very practical bearing on the crafts sector. We were the first to say that not all the legal requirements that should quite rightly govern the activities of large internationally operating enterprises also have to be prescribed for enterprises which are active locally. We have now presented an initial proposal ensuring that we do not suffocate small bakeries, restaurants or shops with our requirements, quite simply because they are not as strict as those for large companies. The discussion this has prompted, which is testified to by the lobbying of members of the European Parliament is remarkable, because it reveals that not everything that was supposed to have been regulated on the grounds of consumer protection in the past was really in the consumers' interests.

We are living in a time when competition is a reality and everybody knows that overregulation can undermine micro-enterprises, such as bakeries, to the point where they abandon their business. But everybody knows too that there is always a competitor who is very willing to take their place but then, of course, with industrially produced rather than home-baked rolls. This has nothing at all to do with freedom of choice for consumers or consumer protection and everyone in a position of political responsibility should refuse to undermine by means of European regulations the key right of consumers to decide themselves what goods or services they want.

We have placed promotion of entrepreneurial skills, acceleration of business start-ups, which in 2007 should only last seven days, and introduction of a one-stop shop for SMEs on the European agenda and have thus already started to deal with some of the most pressing problems of craft and small enterprises.

One of the most urgent priorities is greater participation by SMEs in one of the major success stories of the internal market: the standardisation process. European and international standards are indispensable for the success of a flourishing economy and international trade. But in the future we must take even greater account of the needs of SMEs in the standardisation process at European and national level. The European Commission has therefore for many years been supporting NORMAPME, the European Office of Crafts, Trades and Small and Medium-sized Enterprises for Standardisation and we will steadily increase the resources for supporting SMEs in this area in the coming years. At the same time, however, it is up to the Member States to devote greater attention to the participation of SMEs.

This year we have also started up a new series of support programmes for 2007 to 2013, which will operate with the new simplified provisions for the first time in order to make access to these new resources simpler and more transparent. These new provisions make it easier for, in particular, applicants with limited funds, such as, of course, small enterprises, to gain access to EU financial aid. Ladies and gentlemen, we have taken your concerns as entrepreneurs seriously and have done something to help.

We will make our contribution to improving the financing of SMEs with the new programme for competitiveness and innovation and with a new programme — JEREMI — under the Structural Funds. Very few people know that Europe is involved, but over 200 000 European enterprises have received assistance from Europe in the past during their start-up or growth phases and we have now increased our funding again appreciably by 60%.

Ladies and gentlemen,

Some progress has already been made, but at the same time the challenges facing small entrepreneurs in the enlarged European Union have grown enormously. Times have changed greatly since the last major conference in 1997. Keener global competition, demographic trends, energy and climate change are issues to which we must respond and which cannot simply be taken off the agenda. It is therefore crucial that craft and small enterprises do not feel that they have been left to face these new challenges alone and that we can cater for their needs at this time of constant change.

One of the major issues is how we can make the environment more conducive to innovation. New ideas and new products and services for new markets is what Europe needs in order to make progress. We know that the radius of activity in the crafts sector is generally on the doorstep or within the region. However, we also know about the enormous potential for innovation that crafts and small enterprises offer. Often an excellent business proposition does not see the light of day because the wherewithal to put it into practice, such as external funding, is lacking.

The key requirements will be acquiring and developing skills which hold promise for the future, opening up new markets and operating successfully in a transformed corporate environment. What you need to do is to increase your competitive edge at the same time as the competition is becoming increasingly fierce and we are offering you our help where it is needed and where we can provide it. I believe that we have created a platform with this European conference at which we can discuss jointly the necessary framework and the right solutions for the coming years. What this conference is also saying, however, is that we value the crafts sector in Europe and that crafts and small enterprises are needed in twenty-first century Europe.

I would like to thank everybody who has supported us in many different ways in preparing the conference. I am especially grateful to the Baden-Württemberg government, the European Association of Craft, Small and Medium-sized Enterprises UEAPME, the Central Association of German Crafts ZDH and the Stuttgart Chamber of Crafts.

I would now like to wish our conference every success and ask Mr Glos, the Federal Minister representing the German Council Presidency, to take the floor.