

Citizen's summary

A Small Business Act for Europe: a new boost for small businesses

What is the issue?

There are over 23 million small and medium-sized enterprises (SMEs) in the EU, but only 41,000 large companies. SMEs are Europe's net job creators, firmly anchored in their local and regional communities, and are a guarantee of social cohesion and stability.

In order to fully unlock the growth and jobs potential of SMEs and make full use of their innovative capacities, the Commission wants to refocus attention on SMEs' needs in EU and national policy making. After a wide-ranging public consultation, the Commission is proposing a "Small Business Act" for Europe (SBA): a package of political principles accompanied by a set of ambitious actions by the EU and Member States.

Why do we need action at EU level?

SMEs around Europe face the same type of problems: administrative burden, difficulty to find financing and skilled labour, or to take opportunity of the Single Market. Addressing some of these problems together through a partnership between the EU and the Member States can bring considerable results. This is why the SBA sets common principles for policy-makers at the EU and Member States level..

How will the SBA help SMEs?

The SBA aims to promote entrepreneurship, make legislation SME-friendly and help SMEs to grow.

Encouraging entrepreneurship

A "European SME Week" in May 2009 will raise awareness throughout Europe about the role of entrepreneurs and provide practical information on support for businesses. An EU network of female entrepreneur ambassadors will help inspire women to launch themselves into business.

Designing SME-friendly legislation and making life easier for SMEs

All new legislative and administrative proposals will be subjected to an "SME test" in order to assess their impact on SMEs.

- Policy results should always be delivered while minimising cost for business.
- Lighter procedures can be foreseen to protect small and micro-enterprises from unavoidable negative effects of new laws.
- Common commencement dates will be used for legislation affecting SMEs to give them a better overview of their legal obligations.
- SMEs should only need to report their data once to national administrations.
- Member States should provide physical or electronic one-stop-shops to facilitate start-ups and recruitment procedures.

Enabling SMEs to grow

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 SMEs' access to finance, R&D and innovation. They will also make it easier for them to participate in the standard-setting process, win public procurement contracts and to turn environmental challenges into business opportunities.

Some examples of actions proposed in the SBA:

A new statute for a **European Private Company** (known as the "Societas Privata Europaea"), will allow SMEs to start up and operate according to the same company law provisions throughout Europe. This Commission proposal will make it cheaper and easier for SMEs to engage in cross-border business activity within Europe, enabling them to reap the benefits of the Single Market.

The European Investment Bank Group will increase its range of financial products offered to SMEs, particularly **mezzanine finance**. In addition, more funds will be made available by the Commission for **micro-credit** and **cross-border venture capital**.

Public procurement accounts for around 16% of the EU's GDP, but SMEs face problems accessing public tenders. A new **code of best practice for public procurement** will facilitate SMEs' access to public procurement contracts. It offers solutions to difficulties faced by small companies relating to the size of contracts, access to information, financial requirements, and the administrative burden of tendering.

A new **General Block Exemption Regulation** will simplify the rules and allow a higher level of state aid to smaller companies. National governments also do not need to notify this support to the Commission. Overall, these measures increase the possibilities for state aid to SMEs.

Late payments can be crippling for SMEs. To simplify existing provisions and ensure that SMEs get paid within 30 days, the Commission will propose a revision of the **Late Payments Directive**.

New and budding entrepreneurs can now gain experience and insight by spending time in an SME in a different country. "**Erasmus for young entrepreneurs**" will help them upgrade their skills and will contribute to the networking of SMEs in Europe.
Read more on the sheet: "Education and skills for entrepreneurship"

The proposal on **VAT reduced rates** should in particular have positive effects on SME's, since the sectors at issue, for example hairdressers, restaurants, small repair services, domestic care services etc. are mainly dominated by SME's.

Business support centres are being set up in China and India to enable SMEs to take advantage of these emerging markets. These centres will give EU SMEs practical help and advice on how to set up and trade in these countries.