



EUROPEAN COMMISSION

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C(2012) 4398 final

Dear President,

The Commission would like to thank the Riksdag for its reasoned Opinion on the Proposal for a Regulation establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (2014 - 2020) {COM(2011) 834 final}.

The Riksdag considers that parts of the Commission's proposal aimed at promoting the exports of small and medium size enterprises are not compliant with the principle of subsidiarity.

In this respect, the Commission would like to recall that under Article 6 of the Treaty on the Functioning of the European Union (TFEU), the Union shall have competence to carry out actions to support, coordinate or supplement the actions of the Member States. Industry is included among such actions. Article 173 TFEU provides that the Union and the Member States shall ensure that the conditions necessary for the competitiveness of the Union's industry exist. For that purpose, in accordance with a system of open and competitive markets, their action shall be aimed at encouraging an environment favourable to initiative and to the development of undertakings throughout the Union, particularly small and medium-sized undertakings.

The Commission would like to underline that in the consultation process, firms themselves cited lack of access to finance, lack of incentives facilitating cooperation between actors, difficulties in finding partners, and lack of knowledge about support instruments as hampering their growth¹. Pressing global challenges, such as increased competition from emerging economies have further hampered European business' development on the global stage and in key third markets.

The Impact Assessment of this Proposal describes the specific problems related to access to markets as one of the problems which hampers the business environment in Europe². According to a 2010 European Central Bank survey, one of the most pressing problems facing euro area SMEs is "finding customers" (28%). However, despite the existence of

¹ "Making public support for innovation in the EU more effective: Lessons learned from a public consultation for action at Community level", Brussels, 9.9.2009 SEC (2009)1197 final.

² The other problems are related to competitiveness and sustainability, access to finance, entrepreneurship, SME creation and growth. More information: http://ec.europa.eu/governance/impact/ia_carried_out/docs/ia_2011/sec_2011_1453_en.pdf

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the Single Market, doing business across borders inside and outside Europe is still subject to significant barriers for SMEs. As a result, only 25% of SMEs in the EU export directly outside national markets and only 13% export beyond the EU. Moreover, only 16% of SMEs are aware of support programmes for internationalisation abroad³.

This situation is a cause of concern, as the internationalisation of businesses plays an important role in the creation of jobs and growth at a time when long-term domestic growth prospects are limited. Moreover, the large and positive impact of engaging in international activities on SMEs' productivity and competitiveness are well documented⁴. Companies with more than 10 years of activity are nearly twice as internationally active than the average, which means that companies at the beginning of their life cycle are less likely to take this step. In 2009 only 2.5% of European SMEs invested abroad, but SMEs involved in international subcontracting reported faster employment growth from 2007 to 2008 than non-active SMEs⁵.

The Commission is convinced that action at EU level is justified in order to reach economies of scale in areas where this would be difficult for individual Member States. For instance, in the field of support to SMEs abroad, European added value is created by the bundling of national efforts and by establishing services that would lack sufficient size if provided at national level (for example, through support to IPR enforcement). The China IPR SMEs Helpdesk, funded by the current programme, offers advice which would be otherwise unavailable to SMEs from smaller Member States⁶. The areas of Market Access, standardisation, intellectual property are examples where the EU can provide a true European value added, using its experience and standing.

The Commission would also like to recall that promoting and supporting SMEs' economic activities outside the EU is an important part of the Union's overall competitiveness strategy as outlined in the Europe 2020 flagship Communication on an Integrated Industrial Policy {COM(2010)614}, the reviewed Small Business Act for Europe {COM(2011)78} and the EU trade policy communication {COM(2010)612}. This builds on and complements the Commission's commitment to boost the benefits of the Internal Market for SMEs as outlined in the Single Market Act {COM (2010)608}.

Finally, the informal European Council of 30 January 2012 has also recognized that efforts should be taken to help SMEs access third country markets⁷.

³ Study on "Opportunities for the Internationalisation of SMEs", EIM, June 2011.

⁴ A study for the UK government found a strong positive correlation between being internationally active and reporting high turnover and employment growth. "Technopolis, Drivers, Barriers, Benefits and Government Support of UK International Engagement", 2005.

⁵ According to the study conducted by EIM in 2009 and basically confirmed by the more recent study by EIM, "Opportunities for the Internationalisation of SMEs", June 2011: a) exporters' employment growth 7% versus non exporters 3%; b) importers employment growth 8% versus non importers 2%; c) SMEs both importing and exporting employment growth 10% versus others 3%; d) SMEs with FDI employment growth 2007-2008 16% versus others 4%.

⁶ Over 50,000 different users of the IPR web portal and e-learning services over the first 3 years, with over 2 million hits; more than 30 training seminars and interactive workshops run every year, of which 2/3 performed in Europe, to offer advice to SMEs.

⁷ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/127599.pdf

This is why the Commission considers that in full respect of the principle of subsidiarity actions regarding SME Internationalisation should be carried out at EU level under the COSME programme (see annex) to complement Member State initiatives in this area. Such actions will be carried out in line with an important set of governing principles - complementarity, additionality, efficiency and sustainability. The Commission will work in close co-operation with all actors involved when implementing these actions, so as to offer effective and efficient support to SMEs. In the current economic context, European SMEs need a strong signal with a positive focus on growth opportunities.

The Commission hopes that these clarifications address the main concerns raised in the reasoned Opinion and looks forward to continuing its political dialogue with the Riksdag.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

Annex

Link between the COSME proposal and the Commission's Communication "Small Business – Big World - a new partnership to help SMEs seize global opportunities" {COM (2011) 702 final}.

- *Measures proposed under the COSME programme for improving access to markets outside the EU might include measures providing SMEs with knowledge of third country regulatory framework providing match-making and networking events, promoting clusters and export consortia, supporting SMEs on standards, certification or conformity assessment.*
- *Such measures have been announced in the above mentioned communication adopted by the Commission on 9 November 2011. The communication has followed a public consultation open from 16 May 2011 to 12 July 2011. Stakeholders and interested parties actively contributed to this consultation. Over 60 responses to the public consultation were submitted by government/public institutions; public and private organizations as well as private companies and individuals. The overall opinion of the contributions received supported this initiative.*
- *The Commission is aware of the support already available at national, regional and even local level for SMEs interested in internationalisation. It is stated in the Communication that "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". In addition, the Commission has already carried out reports and studies in order to gather as much information as possible on this issue. For instance, the "Report of the Study on the Opportunities for the Internationalisation"⁸ provided information concerning business support for EU SMEs in international markets, including an assessment of the market potential for SMEs in key markets outside the EU, an examination of the options to better connect European SMEs to international markets, and a review of specific measures to facilitate the access of European SMEs to these markets.*
- *However, the picture is very patchy and, in some Member States, SMEs are still unaware of the services available for them. The Commission aims with this Communication at creating a level playing field for all European SMEs looking for opportunities in third countries. It is clear that some countries can be considered as "veterans" in reaching the international market as they have developed a sound and extensive range of services to help their businesses seize markets abroad the EU. The same does not apply in other Members States either because they are "newcomers" in this field or because they are facing budgetary constraints which make it more difficult to sustain some of the services provided to help their SMEs do business abroad. The European Commission has a role to play by filling gaps in provision of SME support services and offering an improved or reinforced user-friendly way for as many European SMEs as possible to tap into the information and resources needed as well as signposting better the services already in place by some Member States in third countries markets. Therefore, the Commission is currently undertaking a thorough "mapping" exercise to identify these gaps.*

⁸ More information: http://ec.europa.eu/enterprise/policies/sme/market-access/enterprise-europe-network/intern_event_en.htm

- *The Commission's actions are implemented jointly with Member States through the Small Business Act for Europe. In these difficult times, the Commission has no interest in duplicating existing services. In some of our pilot efforts in this field, such as the China IPR SME Helpdesk and the SME Centres, the Commission has looked in depth into this issue. These two cases are examples of EU activities where SME intermediary associations and national governments are successfully involved regardless of their first potential reluctance. This type of analysis is at the very foundation of the Commission's efforts for the way forward so that we aim only at finding 'win-win' ways to get more and better services and information to more and more European SMEs.*

- *The Commission expects that one of the benefits of the "mapping" exercise and of the development of a rich "gateway" portal for internationalising European SMEs will be to direct additional SME 'customers' to existing service providers. This has already proven to be the case, for example, with the China IPR SME Helpdesk: in a recent survey some 25% of the Helpdesk customers consulted IPR lawyers after receiving first-line advice from the Helpdesk. The Helpdesk did not replace lawyers or specialist IPR advisors, but rather it gave nervous and uninformed SMEs the confidence and guidance to know how and when to seek further support.*