



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 31 May 2011

10975/11

**COMPET 222
IND 77
MI 288
ECO 79**

OUTCOME OF PROCEEDINGS

From: Council (Competitiveness)

No. Cion prop.: 7017/11 COMPET 65 IND 23 MI 96 ECO 20

No. prev.doc.: 9874/11 COMPET 177 IND 58 MI 244 ECO 58

Subject: Council Conclusions on the Review of the "Small Business Act" for Europe

Delegations will find attached the Council Conclusions on the Review of the "Small Business Act" for Europe, as adopted by the Council (Competitiveness) on 30 May 2011.

**Council Conclusions on
the Review of the "Small Business Act" for Europe**

THE COUNCIL OF THE EUROPEAN UNION,

RECALLING:

- (1) The Commission Communication "Think Small First - A Small Business Act for Europe" of 23 June, 2008; the conclusions of the Competitiveness Council "Think Small First – A Small Business Act for Europe"¹, adopted on 1 December 2008 and the first report on the Commission's and Member States' measures to implement the SBA which was published in December 2009²;
- (2) The conclusions of the Competitiveness Council "Towards a competitive, innovative and eco-efficient Europe – a contribution by the Competitiveness Council to the post-2010 Lisbon agenda"³ adopted on 4 December 2009, which state that the implementation of the Small Business Act for Europe at both EU and national level is a key priority;

¹ Doc. 16788/08

² http://ec.europa.eu/enterprise/policies/sme/small-business-act/implementation/files/sba_imp_en.pdf

³ Doc. 17179/09

- (3) The Communication from the Commission "Europe 2020 - A strategy for smart, sustainable and inclusive growth", adopted on 3 March 2010⁴, in which several SME-relevant actions have already been set out in the key flagship initiatives; the conclusions of the Competitiveness Council on "Europe 2020 Flagship Initiative - Innovation Union: Accelerating the transformation of Europe through innovation in a fast changing world" adopted on 26 November 2010; the conclusions of the Competitiveness Council on "An integrated industrial policy for the globalisation era" adopted on 10 December 2010⁵, which underlined the necessity to develop strong synergies with the Small Business Act, the Single Market Act and Smart Regulation for Europe;
- (4) The Communication from the Commission "Single Market Act - Twelve levers to boost growth and strengthen confidence 'Working together to create new growth' ", adopted on 13 April 2011⁶, in which the Commission proposes that the EU should adopt a key action for each lever by the end of 2012, in order to boost growth and reinforce citizens' confidence;
- (5) The conclusions of the European Council of 24 and 25 March 2011 on economic policy, notably with regard to the need to reduce the overall regulatory burden at both European and national levels, in particular for SMEs, welcoming the Commission's intention to propose ways of exempting micro-enterprises from certain future regulations⁷;
- (6) The joint Communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy on "A Partnership for democracy and shared prosperity with the Southern Mediterranean" adopted on 8 March 2011 and the European Council Conclusions adopted on 24-25 March 2011⁸;

⁴ Doc. 7110/10

⁵ Doc. 17838/10

⁶ Doc. 9283/11

⁷ Doc. EUCO 10/11, point 7, page 4.

⁸ Doc. EUCO 10/1/11 REV1

1. WELCOMES the communication from the Commission entitled "Review of the 'Small Business Act for Europe (SBA)'"⁹, adopted on 23 February 2011, which presents an overview of the progress achieved since the adoption of the SBA on 25 June 2008¹⁰, sets out new actions to respond to challenges resulting from the economic crisis and proposes ways to improve the uptake of the implementation of the SBA;
2. STRESSES the importance of SMEs as main drivers of growth, job creation and cohesion in the EU, providing two out of three private sector jobs and contributing to 58% (with €14 trillions of turn-over) of the total value-added created by businesses in the EU, thus having a significant potential to contribute to a joint effort towards full employment and towards the EU employment rate target of 75% by 2020;
3. NOTES that due to the economic crisis more than 3.5 million jobs in SMEs have been lost¹¹, which further underlines the specific need to streamline and consolidate SMEs policy at European level, whilst taking into account the subsidiarity principle;
4. INVITES the Commission – in view of the current situation and in a spirit of constructive solidarity – to explore how the European SME experience, policy and best-practices can help stimulate start-ups and growth of SMEs to generate economic development, competitiveness and job creation in partner countries, in particular Mediterranean and Eastern Partnership countries;

⁹ Doc. 7017/11

¹⁰ Doc. 11262/08

¹¹ Estimation from the Annual Report on European SMEs 2010 to be published as part of the SME Performance Review (http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm).

5. CALLS UPON the Member States and the Commission to continue the full implementation of “Think Small First”, as the key guiding principle of the SBA which remains at the core of European and national policy making processes;
6. EMPHASISES that the specificity of European SMEs, the majority of which are micro-enterprises, requires a tailor-made approach, and STRESSES the need to respond to the main challenges which SMEs are facing, particularly in the priority areas of access to finance, access to markets, and cutting red tape, thus allowing them to grow and making them more competitive;
7. CONSIDERS that improving the awareness and visibility of actions with national and regional policy makers and business stakeholders will be instrumental in ensuring the SBA delivers concrete results for Europe's entrepreneurs and small businesses; and UNDERLINES that regional, national and European measures in support of SMEs should be mutually reinforcing;
8. UNDERLINES the view expressed in the Presidency paper entitled "Be Innovative - Go International", discussed at the informal meeting of Competitiveness Ministers at Gödöllő, Hungary, on 13 April 2011, that the three major areas of SME policy which need to be addressed as a matter of priority still are: smart regulation, access to finance and access to markets. It is also crucial to strengthen entrepreneurship and SBA-governance; EMPHASIZES the following actions:

I. SMART REGULATION

9. STRESSES the importance of a simplified, lighter, clear and consistent regulatory and administrative environment where SMEs operate on the basis of smart regulation principles; STRESSES that overall regulatory burden, in particular for SMEs, should be reduced at both European and national levels; WELCOMES the Commission's intention to propose ways of exempting micro-enterprises from certain future regulations;¹²
10. STRESSES the need for further strengthening the application of the 'SME test' by the Commission in its integrated impact assessments and for continuing to 'think small first' by identifying and removing unnecessary burdens on SMEs during ex-post evaluation and fitness checks; DEEMS necessary to take into account the internal and external competitiveness in the impact assessment of a new initiative;
11. INVITES the Member States to apply the 'SME test' rigorously, while taking into account the differences in the sizes of the enterprises and to apply the "Think Small First" principle not only to legislation but also to administrative procedures affecting SMEs; INVITES the Member States to avoid over-implementation of EU legislation ('gold plating') as a matter of principle and WELCOMES the Commission readiness to assist the Member States in this task;
12. WELCOMES the Commission's intention to promote across the EU the application of the "only once" principle in order to avoid SMEs providing the same information several times, including when they operate cross-border, and INVITES the Member States to systematically apply the "only once" principle;

¹² European Council Conclusions 24-25 March 2011, paragraph 7, doc. EUCO 10/1/11 REV1

13. ENCOURAGES the Member States, where appropriate, to reduce the start-up time for new enterprises to 3 working days and the cost to €100 by 2012, as well as the time needed to get licences and permits to take up and perform the specific activity of an enterprise to three months by the end of 2013;
14. INVITES the Member States to promote a second chance for entrepreneurs by limiting, when possible, the discharge time and debt settlement for an honest entrepreneur after bankruptcy to a maximum of three years by 2013;
15. WELCOMES the political agreement reached in Council¹³ on the exemption of micro-companies from some obligations of Directive 78/660/EEC;
16. RECALLS the European eGovernment Action Plan 2011-2015¹⁴ and ENCOURAGES the Commission to continue to work on eGovernment as a tool to reduce the administrative burdens, hence contributing significantly to the objectives of the smart regulation agenda; STRESSES that it is important for Member States to use smart eGovernment solutions when implementing relevant EU regulation;

II. ACCESS TO FINANCE

17. STRESSES that reinforcing and streamlining financial instruments, promoting venture capital by bringing together public and private sector investments and making EU funding programmes more accessible are of utmost importance for SMEs;

¹³ Competitiveness Council on 30 May 2011.

¹⁴ Commission Communication on "The European eGovernment Action Plan 2011-2015 - Harnessing ICT to promote smart, sustainable and innovative Government" COM 2010 (743).

18. CALLS ON the Commission to actively promote and to continue the use of the financial instruments within the Competitiveness and Innovation Framework Programme (CIP), the 7th Framework Programme for Research and Technological Development (FP) and the Structural Funds, in order to ensure a visible, stable and sustainable financial framework specifically for SMEs; SUPPORTS the SME Finance Forum bringing together all the relevant actors to ease the access to credit for SMEs on a sound commercial basis; ENCOURAGES the Commission, within the Common Strategic Framework envisaged by its Green Paper¹⁵, to explore the feasibility of a Small Business Innovation Research Scheme, as it was called to do by the European Council in February 2011 for simplification of EU instruments in support of research and innovation aims; and UNDERLINES that the particular needs of SMEs in Europe related to competitiveness, growth and innovation should be duly and visibly taken into account without prejudging the debate on the financial framework;
19. ENCOURAGES the Member States to implement the Directive to combat late payments as soon as possible but at the latest within the implementation period;
20. INVITES the Commission and the Member States to further improve the effectiveness of the loan guarantee schemes and other financial instruments in order to address SMEs needs, such as identified market failures and the financing of the growth phase of firms, building on the leverage effect and high cost efficiency of this measures allowing mobilisation of financial resources complementary to public funding;
21. WELCOMES the Progress Microfinance Facility launched by the Commission in 2010, as well as the exchange of good practices in microfinance developed in the framework of JASMINE, jointly set up by the European Commission and the EIB Group; and ENCOURAGES the Member States to improve the national and regional measures to facilitate the access to the microcredit and other innovative financial instruments targeted at SMEs;

¹⁵ Doc.6528/11.

22. WELCOMES the Commission's intention to make the EU funding programmes more accessible for SMEs by further simplified procedures as well as the adoption of an action plan for improving SMEs' access to finance; SUPPORTS the Commission's intention to present a proposal by the end of 2011 for a new legislative regime to ensure that venture capital funds established in any Member State can function and invest freely in the EU; in line with the Conclusions of the European Council of 4 February 2011, INVITES the Commission to present proposals by the end of 2011 for putting in place an EU-wide venture capital scheme building on the EIF and other relevant financial institutions and in cooperation with national operators; WELCOMES the Commission's intention to further develop the potential of pre-commercial and innovative public procurement as an instrument for fostering the growth of innovative SMEs;
23. INVITES the Member States to develop solutions to further facilitate the dialogue between SMEs and credit institutions, as well as making it easier for SMEs to apply for European, national and local grants; innovative solutions from best practices in Member States deserve close consideration;
24. STRESSES the need to help SMEs to have enhanced access to capital markets and WELCOMES the Commission's intention to include measures targeted at SMEs in the forthcoming reviews of the financial services regulation;

III. ACCESS TO MARKETS

25. CONSIDERS that it is of a key importance to take measures to enable SMEs' full access to the Single Market and to help them get better access to global markets, mainly by enhancing their competitiveness through technological and non-technological innovation, and to facilitate the transition to a more resource-efficient economy;

26. UNDERLINES the good progress made by the European Commission and the European standards organisations in order to develop more SME friendly European Standards and to facilitate the SMEs' access to the standards (e.g. by setting up SME helpdesk and portals) and further their participation in the standards-development process; and WELCOMES the intention of the Commission to undertake a revision of the European standardisation system in 2011;
27. INVITES the Member States and the European Standards Organisation to promote the online publication of easily accessible and free-of-charge abstracts of European standards with a clear indication of changes made whenever standards are revised;
28. NOTES WITH INTEREST the Commission survey on public procurement which shows that some SMEs experience fewer administrative burdens when accessing public procurement than before; at the same time, INVITES Member States and the Commission to commit to improving SME participation in public procurement by simplifying and streamlining rules and processes, including fully implementing the 'European Code of Best Practices facilitating SMEs' access to public procurement';
29. WELCOMES the intention of the Commission to present a new VAT strategy aiming notably at reducing tax obstacles and administrative burdens for SMEs in the Single Market and UNDERLINES that these measures should not put the tax revenue at risk;
30. INVITES the Commission and the Member States to work together to enhance electronic interoperability in the Single Market, in particular delivering on the Single Market Act's proposal for a decision by 2012 to ensure mutual recognition of e-identification and e-authentication across the EU and the revision in 2011 of the Directive on electronic signatures;

31. WELCOMES the Commission's intention to present in 2011 a strategy on the support of EU SMEs in markets outside the European Union, taking into account the existing support structures of Member States, as well as to explore how the European SME knowledge can be brought to use in partner countries, in particular Mediterranean and Eastern Partnership countries and how EU businesses could participate in this process in these regions;
32. INVITES the Member States to support, where appropriate, the building-up of SME networks and clusters during different life cycles, in accordance with Community State Aid and competition rules as well as to encourage SMEs to call for a specialist expertise in order to help companies to grow, innovate and go international;
33. STRESSES the importance of the external dimension of the SBA and the need to improve SMEs' access to public procurement contracts in third countries; SUPPORTS the Commission proposal to pursue systematic efforts to eliminate non-tariff barriers in Free Trade Agreements and thus improve the accessibility of third country markets for SMEs and help them to reinforce the protection of IPR, in line with the renewed trade policy;
34. ENCOURAGES the Commission to help SMEs to take up the challenge of a resource-efficient economy, as well as to explore the business opportunities therein, by means of:
 - a. the implementation of the new Energy Efficiency Plan;
 - b. the implementation of the Eco-innovation Action Plan;
35. INVITES the Member States to make better use of State Aid possibilities to support SME's investments in the environment and energy fields;
36. HIGHLIGHTS the key role played by the Market Access Database and the Enterprise Europe Network in enabling SMEs to make use of the opportunities offered by the global and the single market; in this context, CALLS ON the Commission to make more efficient use of the Enterprise Europe Network;

IV. ENTREPRENEURSHIP

37. STRESSES the need to stimulate entrepreneurship by improving the skills and promoting the creativity and innovative potential of entrepreneurs, as well as removing barriers, including for young and women entrepreneurs, to bring ideas to market as set out in the Flagship initiative ‘Innovation Union’ and INVITES the Commission to evaluate the ‘Erasmus for Young Entrepreneurs’ programme which offers on-the-job training to nascent and new entrepreneurs;
38. WELCOMES the Commission's intention to create, within the existing Financial Framework, mentoring schemes for women entrepreneurs in at least 15 EU countries¹⁶ to provide advice and support for the functioning of their enterprises; and the ‘European SME Week’ which provides a pan-European platform to promote entrepreneurship;
39. ENCOURAGES the Member States to support and exchange best practices on how to develop user-friendly and widely supported marketplaces and databases for transferrable businesses and provide training and support to increase the number of successful business transfers, including communication campaigns to raise awareness of the need for early preparation of business transfers;

V. ENHANCED GOVERNANCE

40. CONSIDERS that to ensure the implementation of the preceding actions, the SBA's governance should be strengthened through a strong partnership between the Commission and the Member States and the small business community;

¹⁶ Call for proposals: European Network of Mentors for Women Entrepreneurs (http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=5008&lang=en&tpa=0&displayType=fo&ref=newsbytheme%2Ecfm%3Flang%3Den%26displayType%3Dfo%26fosubtype%3Dp%26tpa%3D0%26period%3D2011%26month%3D%26page%3D1).

41. WELCOMES the Commission's proposals to strengthen SBA governance, in particular the creation of a network of national SME Envoys that will take charge of steering and coordinating SME issues at national level and, together with the Commission Special Envoy for SMEs, to co-ordinate, evaluate, and report on the implementation of the SBA at EU, national and, where appropriate, regional level;
42. TAKES NOTE OF the Commission's intention to set up a SBA Advisory Group composed of Member States' SME Envoys and representatives of EU SME organisations, building on existing structures and avoiding overlap or duplication with existing Commission groups and to contribute to evaluating and reporting on the implementation of the SBA and its evolution. WELCOMES the Commission's intention to step up efforts to disseminate widely information on SME-policy actions and to promote the exchange of good practices;
43. WELCOMES the Commission's intention to further develop the SME Performance Review, focused notably on the measures in the SBA Action Plan, in order to monitor and assess Member States' performance in implementing the SBA on the basis of a wide range of success indicators and of the consultation of the relevant stakeholders;
44. TAKES NOTE of the Commission's intention to launch an annual SME Assembly closely linked to the SBA good practices conference in order to mobilise all relevant stakeholders in the implementation of the SBA and to foster dialogue between them;
45. IS COMMITTED, especially through the Competitiveness Council, to monitoring the SME policy on an annual basis, as well as addressing and evaluating the progress of the implementation of the SBA, based on input from the Commission of the progress achieved at EU, national and, where appropriate, regional level.