

Crafts and SMEs 2020

SMEs mean jobs and growth

**Crafts and SMEs priorities for the next term of
the European Commission and the European Parliament**

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Foreword

The incoming European Commission and the newly elected European Parliament are confronted with a very difficult overall economic situation characterised by very limited economic growth, high unemployment rates – especially for young people – and serious budgetary restrictions due to high debt levels of many public but also private households. Even if the current policy approach has shown some improvements, this does not suffice to bring the European Union back onto a sustainable growth path able to create enough jobs to reduce the unacceptable high level of unemployment.

The European Institutions will have to refine the current policy strategy with an ambitious growth agenda focused on investment and job creation. An increase of competitiveness, a better business environment and structural reforms opening new business opportunities and job offers will be needed to attract private investment and to strengthen the capacity of small and medium sized companies to invest, to innovate, to grow and to create jobs. The reviews of both the EU 2020 strategy and the Small Business Act have to focus on these aspects in order to make Europe's economy competitive, strong and sustainable.

With this document, UEAPME, the European association representing Crafts and SMEs at European level, asks for a new strategy approach for a European Craft and SME policy with a strong focus on investment and job creation. It also presents comprehensive proposals for concrete policies, needed and expected by the more than 20 million small and medium sized companies in the European Union.

While the current policy debate at European and national levels is mainly dominated by short-term measures to tackle the current crisis, the start of a new legislative period must be used for a more mid-term oriented strategic debate about the appropriate policies for the next five years.

“SMEs mean jobs and growth” provides the priorities of Crafts and SMEs in Europe for the new term of the European Commission and the newly elected European Parliament. It is the result of an extensive debate with national craft and SME associations as well as European branch organisations, led by UEAPME over the last few months. The general aim of this policy document is to give policymakers at all levels an orientation about what is needed to ensure growth, prosperity and stability in Europe's most important economic sector, i.e. Crafts and SMEs. Without a recovery of SMEs there will be no European post-crisis growth and no modernisation.

The document starts with a short description of the role that Crafts and SMEs play in Europe's economy and society to demonstrate the relevance of a well-designed SME policy for the future of the European Union. The second part of the document explains the strategic approach for a new European SME policy and in the third part concrete policy proposals for all areas having priority for Crafts and SMEs are presented, areas on which we expect progress during the new legislative period of the European Institutions.

Finally, UEAPME offers to cooperate with the European Institutions and other stakeholders to work together towards a stronger European economy ensuring stability and increased welfare for all citizens.

Gunilla Almgren
President

Peter Faross
Secretary General

I. THE ROLE OF CRAFTS AND SMES FOR EUROPE'S ECONOMY AND SOCIETY

Of the more than 20 million enterprises in the European Union today, 99.8% are SMEs. There are only 43,700 enterprises with more than 250 employees, but more than 19 million enterprises employ less than 10 people – the so-called micro-enterprises. The average European enterprise provides employment for six people, including the owner-manager, and SMEs count for 2/3 of private employment and close to 60% of the added value in Europe's economy. In the last decade, SMEs created 80% of the new jobs.

Facts and Figures:

| | Micro | Small | Medium | SMEs | Large | Total |
|------------------------------|------------|------------|------------|------------|------------|-------------|
| Number of enterprises | 19,143.521 | 1,357.533 | 226.573 | 20,727.627 | 43.654 | 20,771.281 |
| % | 92,2 | 6,5 | 1,1 | 99,8 | 0,2 | 100 |
| Employment | 38,395.819 | 26,771.287 | 22,310.205 | 87,477.311 | 42,318.854 | 129,796.165 |
| % | 29,6 | 20,6 | 17,2 | 67,4 | 32,6 | 100 |
| Gross value added (billions) | 1307 | 1144 | 1136 | 3588 | 2592 | 6179 |
| % | 21,2 | 18,5 | 18,4 | 58,1 | 41,9 | 100 |

Source: [EC - Annual Report on European SMEs 2012](#)

The current crisis has once again demonstrated that SMEs act as an important buffer in economic downturns and are much more reluctant to dismiss employees in difficult times. The number of large enterprises that reported a decrease in employment during the first phase of the crisis was twice as high as for small enterprises and three times higher than for micro enterprises, which makes SMEs an important stabiliser throughout business cycles. Crafts and SMEs also play a central role in providing vocational education and training on the job, both highly relevant for the transition from education to employment and to ensure a qualified workforce, especially in times of high youth unemployment.

In addition, SMEs play a key role as innovators in Europe's economy, even if most SMEs are not performing R&D activities as traditionally defined. Indeed, SMEs perform innovation by relying on qualified entrepreneurs and employees and on cooperation with suppliers and customers, and their competitiveness depends on their capability to improve their products, services and distribution models. SMEs have the potential to contribute to the future greening of Europe's economy, by integrating resource efficient strategies and developing ecological and energy efficient products and services, offering thereby new potentials for employment.

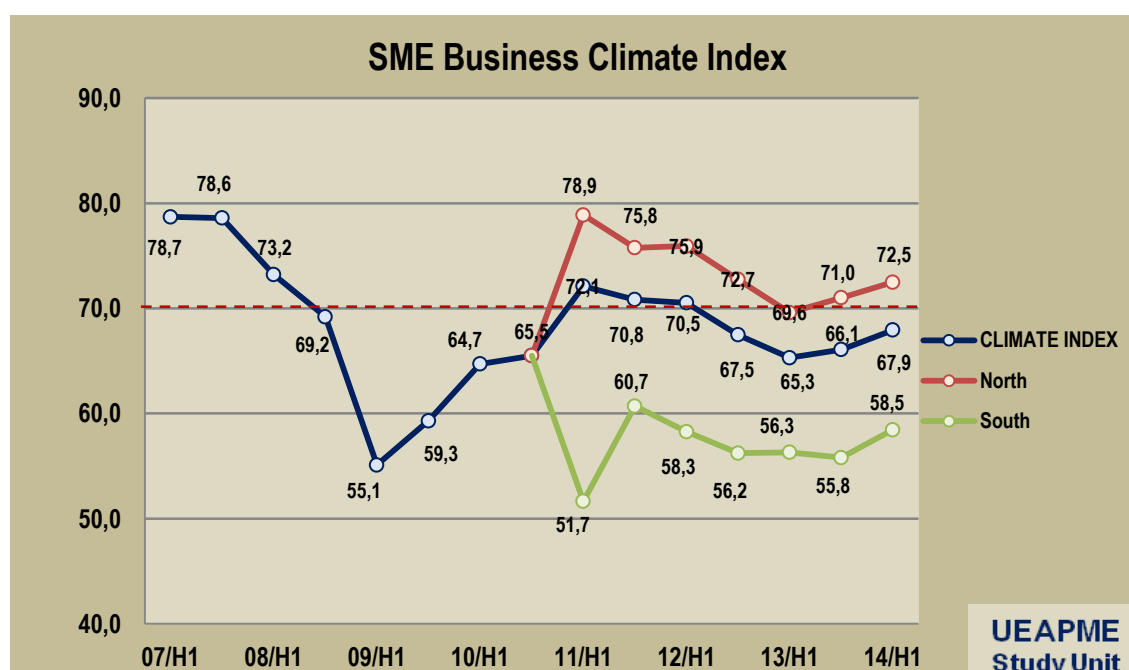
Furthermore, Crafts and SMEs play a crucial role for economic and social stability at local and regional level, where SMEs are the "basic fibre" by providing goods and services for the daily life. SMEs are also at the centre of the so-called European Social Model. Owner-managers of these enterprises are, in general, more interested in the long-term development of their company and the local economy, while shareholders and management are primarily concerned with short-term profit and boosting turnover. In general, SMEs are more responsible towards their employees and more integrated into local society. They play an important role in stabilising society and have a bridge-building function between workers and capital/equity owners.

Finally, SMEs are important stakeholders in the European culture and creative industries, and play with their specialised qualification in the field of restoration an indispensable role for the preservation of the tangible cultural heritage in Europe.

II. A NEW POLICY STRATEGY FOR EUROPE'S CRAFTS AND SMES

SMEs all over Europe have the potential to bring the economy out of the crisis, but they are not able to do so in the current economic and regulatory environment. The current situation proves that the potential of Crafts and SMEs cannot be exploited alone by a **macroeconomic policy approach**, which targets the problems of too high debt levels in public and private sectors and of instable financial markets. Therefore, **UEAPME insists also on a microeconomic strategy**, which targets enterprises, supports Crafts and SMEs in Europe throughout the whole business cycle as well as improves their business environment and reduces structural rigidities hampering competitiveness, growth and job creation.

The European Union seems to emerge from its longest recession ever. However, this is not yet a reality for the more than 20 million SMEs in Europe as our last SME Business Climate Index¹ demonstrates. The index at 67.9 is still below the neutral line of 70%. Europe's economy will not face a sustainable recovery without an economic recovery of Crafts and SMEs, as these millions of enterprises are the backbone of our economy and our society. Therefore, Europe needs a **more ambitious growth strategy focused on private and public investments**.



Europe needs to lay the foundations for post-crisis growth and modernisation. To make this happen, a stronger Crafts and SME policy has to be put forward as one of the top priorities of all European Institutions over the next five year period. SME policy has to become part of the revised EU 2020 Strategy and has to include the identified SME policy areas, in order to attract investment, to improve competitiveness, to boost economic growth and to reduce unemployment. To make a real recovery happen, Crafts and SMEs request structural reforms, efforts towards re-industrialisation as well as a shift of financial spending towards the real economy and an energy policy taking into account the competitiveness of SMEs.

¹ http://www.ueapme.com/IMG/pdf/140318_Barometer_2014H1.pdf

To enable change, UEAPME has reviewed the economic strategy of the past five years and demands a future SME policy, built on the following priorities:

- a right economic policy mix to ensure growth, employment and stability;
- strengthening of the industrial base in Europe;
- promoting entrepreneurship and entrepreneurial culture including the implementation of the Entrepreneurship 2020 Action Plan;
- better regulation, cutting red tape and respecting the specific situation of SMEs;
- better access to markets, technologies, innovation, support structures and required public services;
- improving access to finance;
- modernising labour markets through social dialogue, mobility and qualifications;
- an energy and environment policy which takes competitiveness into account.

To achieve these goals, UEAPME asks for a revised version of the Small Business Act, which enforces the Think Small First principle, builds on the current priorities, includes answers to the new challenges and has better instruments to ensure effective implementation.

In a nutshell, to conclude, the dimension of Crafts and SMEs needs to be integrated into all EU policies, be it enterprise, energy, climate, innovation, regional, fiscal, economic, consumer or social and employment policy. The dimension of Crafts and SMEs also needs to be respected in all EU procedures, be it better regulation, targeted impact assessments or co-decision processes.

III. POLICIES ALLOWING CRAFTS AND SMES TO CREATE GROWTH, JOBS, WELFARE AND STABILITY

A. Creating a supportive economic and business environment

1. A right policy mix to create growth and employment and to ensure stability

The current economic crisis was caused by different external shocks, but also by unsustainable internal developments in Europe. To bring Europe back on a growth-path, UEAPME proposes a new economic policy mix with a stronger focus on competitiveness, growth and job creation without endangering mid-term financial stability and the sustainability of public households and social systems. Such a policy mix has to find the right balance between a reduction of fiscal and economic imbalances and incentives to attract private investments.

Sustainable public households are a pre-condition for financial stability and economic growth, but one has to respect that fiscal consolidation also reduces the contribution of public households to GDP growth. Therefore, fiscal consolidation has to be done in a manner entailing the least possible negative impact on growth. This can be achieved by:

- reducing of public spending rather on consumption than on investments, which would reduce future growth potential;
- adapting consolidation paths to the actual economic situation, which means giving priority to consolidation measures targeting mid-term structural deficits in social systems;
- targeting tax reforms rather towards a reduction of taxes on productive activities (i.e. labour) than on consumption;
- using the instrument of fiscal devaluation for countries with high current account deficits;
- improving economic and fiscal policy coordination to reduce spill-over effects to other countries as much as possible.

In difficult economic situations, the effects of fiscal consolidation have to be counterbalanced by measures **enhancing and supporting economic growth and job creation** such as structural reforms as well as investments in infrastructure, innovation and qualification.

- Structural reforms can become the main driver for economic growth. That is, if they create new opportunities for entrepreneurs and investors, if modernised labour markets serve the needs of SMEs and if reforms make companies more competitive. Therefore, more efforts have to be made by Member States to implement the needed reforms on the goods, services and labour markets.
- In cases where Member States need European support to overcome an economic or fiscal crisis, such support measures have to clearly be conditional to the implementation of jointly agreed reforms.
- Smaller companies depend on the provision of high quality services of general interest and it has to be ensured that they are provided in an efficient, decentralised and cost effective way.

2. Strengthening the industrial base in Europe to push competitiveness

The current crisis has reminded us that a strong and competitive industrial base is a precondition of a competitive European economy able to grow and to create jobs. UEAPME fully supports the aim of the European Commission's latest Communications on Industrial Renaissance and the vision for the internal market for industrial products, both necessary to complete the Europe 2020 strategy. However, a strategy aiming to strengthen the manufacturing sector in Europe and to increase the share of this sector to 20% of the GDP by 2020 must be comprehensive and:

- has to target the whole supply chain with a specific focus on SMEs and the related services;
- has to build on research and innovation and on a strong standardisation system fit for SMEs;
- has to recognise the specific role and contribution of traditional manufacturing by Crafts and SMEs as an important contribution to both, competitiveness and economic stability;
- will depend on access to resources and energy under competitive conditions;
- needs more efforts as regards the digitalisation of our economy and society.

3. Fostering an entrepreneurship society in Europe

For a recovery Europe needs **more entrepreneurs and more entrepreneurial spirit** in our society at large. The new Commission has to repeat its call for a “cultural change” towards entrepreneurship, as the current culture often fails to recognise and reward entrepreneurial endeavours. This also has to be done by recognising the important role played by intermediary business associations in counselling and advising SMEs. Furthermore, entrepreneurship policy should use the potential of women, migrants and young people as entrepreneurs to maximise its contribution to growth and employment.

- Teaching of entrepreneurship is of utmost importance, not only because we need future entrepreneurs to create and takeover enterprises, but because SMEs need workers with a spirit of initiative and administrations understanding the nature of entrepreneurs.
- Entrepreneurship and the spirit of initiative must be integrated into all programmes of education and training as from the youngest age. This subject should also be integrated in school curricula, especially with a focus on SMEs (start-ups, entrepreneurship).
- Slow administrative procedures are barriers for entrepreneurs and hinder start-ups. This is often the case for the delivery of permits with negative effects on the continuity and competitiveness of SMEs. While respecting the legitimate interests of all parties involved, and based on the principles already agreed in the Services Directive, it should be ensured that permits are delivered in a reasonable timeframe. No response within the set timeframe should be considered as tacit approval.

The number of insolvencies is increasing, especially in times of crisis. Therefore, policy should not only focus on unemployed employees, but has to offer support (i.e. coaching) for entrepreneurs having faced bankruptcy to help them find a job or restart again. **Insolvency proceedings** need to be more efficient and effective.

- For SMEs, it is important to reduce the costs of procedures, to eliminate bankruptcy stigma and to avoid discrimination of failed entrepreneurs.
- Support programmes to mentor, train, advise and support second starters in close cooperation with business organisations are needed and an exchange of best practices in these fields should be set-up.
- After an honest bankruptcy, discharge within a reasonable time-frame is crucial to provide a second chance, while not ignoring the interests of creditors, especially SMEs.
- Furthermore, all policies have to take into account the economic situation of SMEs so as to prevent difficulties and address the social situation of small business owners. Research and reflection on poverty amongst small business owners/retired business owners is necessary.

Transfer of business remains one of the main challenges for SMEs in the coming years. The biggest problems for transfer are not finding a valid successor, the valuation of the enterprise and taxes charged. Additional problems are related to permits, subsidies, staff problems and legal questions (e.g. heritage rules).

- Awareness raising amongst “aging” entrepreneurs remains essential and should already be done at a very early stage.
- Coaching and accompanying is necessary on psychological/emotional issues as well as on technical and legal problems. Creating a link between offer and demand through well-functioning marketplaces/databases should support this difficult process.
- The 1994 Recommendation of the Commission on the transfer of business and the 2006 Communication has to be fully implemented in all Member States.

Social responsibility has to be part of normal business practice and it has to be a supportive concept for SMEs:

- European policy should respect the voluntary nature of Corporate Social Responsibility (CSR) and recognise the efforts and specificities of SMEs. Other measures by SMEs, which have similar effects like CSR, should be acknowledged and taken into account.
- It has to support capacity-building for SME intermediary organisations to improve the quality and availability of CSR advice for small and medium sized enterprises.
- Education on the (social) responsibility of enterprises can avoid unjustified perceptions of the general public towards the business world.

4. Improvement of the regulatory environment for Crafts and SMEs

Small enterprises are the first to suffer from complex and burdensome legislation. Regulation needs to be properly designed in order to create a positive environment for the development of small businesses and entrepreneurship. Entrepreneurs waste too much time dealing with red-tape. Despite numerous initiatives at European, national and regional level they still cannot experience tangible results coming

out of these initiatives. To guarantee a level playing field and fair competition, SMEs need simpler and more reliable and competitive framework conditions. The efforts to cut the red tape must continue. This has to be a genuinely common effort carried out together by all the EU institutions (Commission, Council and Parliament) and the Member States and with the active involvement of the representative SME organisations.

That is why it is important to reduce unnecessary bureaucratic burdens and compliance costs for small enterprises at all levels and to improve the quality of consultations by:

- A consequent application of the Think Small First principle, which means, legislation has to be adapted to the characteristics of SMEs. The “only once” principle has to be applied whenever possible as well as the proportionality (risk based) principle. These principles should be legally binding as part of the reviewed SBA.
- Policy has to be based on concrete and practical experience, which implies that legislation should be introduced only when it is really necessary. However, this is not necessarily a question of less regulation but of better regulation.
- Any regulatory proposal should be subject to neutral and independent impact assessments (IA), including a compulsory SME test, taking into account adaptation, compliance and administrative costs. IAs should take more into consideration the views of the interested parties or at least those parties that will be affected. Draft Impact assessments should be subject to public consultation and the Commission has to cooperate with the Member States to collect information and data. Member States should also be encouraged to systematically introduce the SME-Test or an equivalent system in decision making processes.
- Furthermore, each additional requirement should be subject to a burden-benefit-assessment and substantial amendments introduced during the legislative process should also be submitted to IA.
- Setting quantitative targets remains politically important but it should be net targets.
- “Gold-plating”, the practice of exceeding the terms of EU legislation and adding undue and unnecessary provisions, is one of the main sources of red tape and other regulatory burdens. Member States can and should adapt EU legislation to the national circumstances, but must make sure that their action does not generate additional burdens. In order to avoid Gold Plating, UEAPME supports more harmonisation and - where appropriate - the use of regulations.
- The REFIT programme is a good exercise to check existing legislation and reduce regulatory burdens. However, it should be properly implemented to use its full potential. Moreover, the REFIT scoreboard could be a first positive step forward in monitoring whether or not initiatives for simplifications suggested by the Commission are maintained in the European decision-making process by the co-legislators and the Member States. However more clarity is needed about the methodology used by the Refit program.

Various consultations over the last years have shown that for SMEs the following European legislations are considered as most burdensome. Consequently they should be targeted as a priority by REFIT:

- a. Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) -Regulation (EC) No 1907/2006
- b. Waste framework directive -Directive 2008/98- and List of waste -Decision 2000/532/EC-
- c. Measures to encourage improvements in the safety and health of workers at work - Council Directive 89/391/EEC
- d. Working time directive - Directive 2003/88
- e. Consumer Rights Directive - Council Directive 2011/83/EC

B. Facilitating access to markets for Crafts and SMEs

5. Access to internal and external markets, based on fair competition

Access to the internal market

Crafts and SMEs in Europe fully support open markets within the European Union. Remaining barriers within the internal market have to be removed and it has to be better accessible for micro enterprises and self-employed. High administrative burdens for cross-border activities hinder small businesses, especially in the services sector, to profit from a larger market. Consequently, UEAPME rejects any additional new barrier within the internal market.

Therefore, UEAPME proposes the following policy approach:

- Promoting the free movement of professionals through the recognition of qualifications, whilst respecting systems of regulated professions, which prove to ensure high quality of services and sustainability of entrepreneurship and have a positive impact of apprenticeship.
- UEAPME agrees with the European Commission that the Services Directive has to be fully transposed in all Member States respecting the existing national specificities. A Member State specific approach for certain implementation issues can be more suitable than enforcing European solutions for everything, because the one stop shops foreseen in the Services Directive should offer comparable and complete, easy accessible information on the different national solutions. In order to guarantee fair competition an EU-wide administrative enforcement instrument for the effective sanctioning of violations of the law of foreign-service providers should be introduced.
- All services should be included into the scope of the "One-Stop-Shop" for VAT compliance to allow all cross-border services provider to declare VAT in their home country in a simple and practical way.
- The work on a common base for corporate taxes should continue in the framework of enhanced cooperation.
- In order to maintain a level playing field agreed rules and legislations have to be correctly and fully implemented in time and enforced in all the Member States. More efforts should be done by the European Commission to avoid distortion of competition which is affecting mostly SMEs.
- SMEs need to be encouraged to grasp the opportunities offered by the digital developments. For that purpose, neutral and objective information through awareness raising and support to go digital are crucial, as well as the further development of communication network infrastructures with the

goal of achieving an EU-wide high-speed broadband network, in particular in non-metropolitan regions. At the same time the fight against cybercrime and awareness raising on this problem amongst SMEs has to become a priority.

- SMEs need a coherent legal framework to simplify cross-border contracts, especially for e-commerce. Parallel instruments - like the common European sales law – should be avoided. For SMEs, a slow but steady and balanced harmonisation of the Member State’s contract laws would lead to more legal certainty and would set positive inceptions in the area of internet retail. In addition, in order to avoid disproportionate bureaucratic burdens for SMEs, the information duties by the seller should be reduced to a minimum.
- The functioning of the new generation of the Enterprise Europe Network (EEN) has to be closely monitored and - if needed - adapted in order to really reach the SMEs. Nevertheless it cannot be considered as the main intermediary between the European Commission and the SMEs for consultation, awareness raising and diffusion of information. The networks of the existing representative SME organisations should be used as they play a key role as an interface towards decision makers, especially regarding SME-feedback and consultations.

Trade policy

International trade with third countries becomes more important for SMEs and has to be enhanced to improve the overall competitiveness of Europe. However, international trade relations have to be based on fair competition and SMEs have to be effectively protected against unlawful behaviour of third party competitors.

- Although Free Trade Agreements (such as the Transatlantic Trade and Investment Partnership) can lead to economic growth and an increase in employment in the EU and although UEAPME is supportive of such agreements in general, the impact on non-internationally active SMEs and the whole SME community has to be assessed and taken into account during the negotiation process.
- The existing trade defence instruments such as anti-subsidy and anti-dumping need to be better adapted to SMEs. It is nowadays very difficult for SMEs to lodge a complaint due to the amount of information required to prove the damage suffered and the high costs involved.
- UEAPME supports all efforts to introduce mandatory marking of origin for selected product categories, confirmed by impact assessments.²
- SMEs would profit from a new support programme for cooperation and partnership strategies in extra EU markets, to be conceived and implemented through their representative organisations.
- A new “train the trainers-type programme” addressed to all SME representative organisations should support the internationalisation of SMEs, in order to maximise results and to reach out to a much higher number of SMEs.

² The Austrian organisation WKÖ and the French organisation CGPME are not supporting the mandatory nature of indications of origin and underline the advantage of voluntary systems.

Fight against unfair and illegal market practices

SMEs are the most vulnerable as victims of organised international crime and especially cross border crime like counterfeiting, hold-ups, theft of Lorries, construction machinery and tools, cybercrime, etc. Furthermore, SMEs are exposed to thefts in retail stores and social dumping practices. It is the responsibility of the European Institutions to ensure together with the Member State authorities a level playing field for SMEs by granting fair competition.

- The European Commission should come up with an action plan, based on awareness raising, information and operational tools to help SMEs as well as enhanced judicial co-operation between the member states.
- Market analysis should detect unfair clauses and abuse of market position in B2B relationships.
- Misleading directory companies have to be seen as serious fraud and should be better followed-up by public prosecutors and complaints should be monitored systematically. Furthermore, UEAPME asks the European Commission to enhance cross-border coordination, cooperation and enforcement and to amend the Directive concerning Misleading and Comparative Advertising.

6. Ensure balanced market access for local service providers including small retailers

Small retailers and local service providers, including small skilled craft enterprises, are not only an important part of the SME sector, but also decisive for the quality of life in the region. However, legislators too often treat these small services providers like international chains and do not respect the specificities of small companies.

Therefore, UEAPME urges European and national policy makers not to jeopardise the provision of small local services and to ensure fair competition between SMEs and multinational chains as well as alternative or non-professional distribution chains (i.e. farmers, non-profit organisations, etc.).

- As regards consumer protection, legislation in general should not contain the presumption that small retailers and service providers have strong negotiation power and are the strongest party in contracts with consumers.
- In order to remain competitive, small retailers also need to cooperate more. UEAPME is convinced that the franchise formula can offer many advantages for the small retailer. However, there is a growing tendency amongst franchise companies to impose unacceptable provisions on retailers, which are unfortunately allowed by the competition rules applicable to vertical agreements. Therefore, UEAPME asks for a review of the block exemption to ensure balanced contracts (i.e. non-competition obligations should be limited to the contract period and selling of a business at market price at the end of a contract has to be allowed).
- A real European internal market should guarantee a diverse retail market landscape, in which the consumer can choose freely between multinational chains, cheap discounts, but also local independent and service-oriented small shops. The possibility to maintain the prohibition to sell below cost in the countries where it exists is vital for SMEs, especially in the retail sector. The aim of such legislation is to avoid that big retailers selling with loss obtain a dominant position on the market allowing them to put unfair pressure on SME suppliers.
- The proximity of shops offering essential goods and services are not only important for the elderly,

the less mobile persons, but for the whole economic and social fabric of city centres and sparsely populated areas. General public interest concerns, such as the environment, the viability of city centres and villages, sustainable mobility and transport and good spatial planning should continue to be used to impose some rules for the location of retailers to guarantee a diversified retail offer. Objective studies analysing the impact of big shopping centres on the traditional retail city centres should be made.

7. Involvement in and access to standards

Standardisation is an important access tool to the internal market for most products, services and production processes. Standards create significant business benefits and can improve the competitiveness of SMEs, as they are a fundamental tool to reduce trade barriers in the Internal Market and complete the European economic integration. However, SMEs face a number of disadvantages compared to large enterprises.

Firstly, SMEs have to face relatively higher prices when buying standards, which is a specific problem, if the standards have been made legally binding. Therefore, UEAPME asks for solutions at national level ensuring free or at least affordable **access to standards**, especially if they are mandatory.

Secondly, SMEs not only have no financial and human resources to take part in the process, but they are also not even well aware of the benefits of standards. That is why the Commission has already helped financially and politically to set up Small Business Standards to support the establishment of an SME stakeholder association strengthening the participation of SMEs in the standardisation process. In addition, it is important to strengthen the participation of SMEs through the national delegation principle, as it allows SMEs to participate in their native language and with lower travel costs and time commitment.

Small Business Standards (SBS), the organisation representing Crafts and SMEs in the European Standardisation Process, needs to continue to develop its role in the establishment of **SME friendly standards** within the three European Standardisation Organisations. This should involve:

- SBS responsibilities need to be enlarged to better inform about the existence of standards in SME sectors to improve transparency.
- Communication tools and strategies need to be developed to fully exploit the economic benefits of standards for Crafts and SMEs.
- Improvements are also needed in relation to the access to documents (availability at a reduced price or for free, special rates for micros, etc.) and SMEs should be provided with compact information on the standards applicable for their sectors.
- Ensuring that the standardisation process is not arbitrarily oriented to introduce barriers to market access for smaller producers.
- Review of existing standards to check if they are still valid and needed.

C. Ensuring the access of Crafts and SMEs to the necessary means

8. Access to finance: money has to be channelled into the real economy

The overwhelming majority of small companies will depend, also in the future, on lending (credit, loans and lease) when it comes to external finance. At the same time, SMEs face more and more difficulties to access external finance, especially for “riskier” projects like business start-up, innovation, internationalisation and business transfers. On the supply-side, especially large commercial banks still suffer from the financial crises and have strong limitations to provide liquidity and to take additional risks on their books. Both factors are limiting the possibility of SMEs to realise investment projects, which are a precondition for a real economic recovery.

Therefore, UEAPME demands a new and broader approach to ensure sufficient access to finance and to channel the huge amount of money available into real economy investments, which includes:

- The completion of the regulatory reform of the financial services sector (Banking Union, restructuring of banks, Solvency II), in a way which provides incentives to invest in the real economy and ensures access to long term finance (liquidity ratio, high-quality securitisation):
- The creation of a supportive framework for alternative forms of finance like crowd funding, which provide protection for investors, but do not hamper the market due to additional and costly regulations.
- An increase of the creditworthiness of SMEs by abolishing tax disincentives for equity finance, improving financial education and better informing about new and alternative forms of finance.
- An improvement of the cash-flow situation of SMEs by implementing and enforcing the late payments directive.
- Support for the establishment of decentralised local banks like cooperatives and saving banks in Member States, where SME finance is dominated by large centralised commercial banks and strengthen them by a simplified regulatory environment, which makes them able to serve small local businesses in line with their needs and at lower costs.
- New and targeted measures from central banks which provide liquidity for lending to real economy (i.e. funding for lending and targeted long term refinancing operations) and take some risk of SMEs lending (i.e. asset back securitisation).
- Strengthening guarantee systems for credits, loans and equity finance instruments, which should be available in all Member States where needed to support access of SMEs to all means of finance by offering risk-sharing.
- An extension of public support via guarantees to mezzanine instruments such as subordinated or participating loans and to securitisation using the new possibilities provided by European programmes (COSME and Horizon 2020) and the European Structural and Investment Funds.
- A reestablishment of the Roundtable of Banks and SMEs to provide a technical platform to exchange information and data, to coordinate the needs of both sides and to propose common solutions. Furthermore, the European Roundtable should motivate to create similar platforms at national level, where they do not exist or do not work sufficiently.

9. Access to skills and qualifications on a modernised labour market

Access to skills and qualifications

Crafts and SMEs are calling for reforms in order to tackle the current challenges of not sufficiently well performing education and training systems to deliver skills and qualifications needed by employers.

UEAPME requests for better skills by:

- Promoting and strengthening vocational education and training including work based learning systems such as apprenticeship as an effective way to facilitate transition from school to work, ensure high employability level of young people and provide the skills needed by employers to fill new jobs.
- Setting up governance structures based on the principle of co-ownership between social partners and vocational training institutions for work based learning systems and apprenticeships.
- Providing guidance and support from Crafts and SMEs intermediary bodies as well as creating targeted financial incentives to Crafts and SMEs in order to fully tap their high potential of training placements.
- Raising the attractiveness of initial and continuous vocational education and training by developing higher vocational education and training pathways equivalent to academic education and promoting entrepreneurship spirit.
- Fostering the recognition of competences gained through non-formal and informal learning at work in order to facilitate access to further training and upgrade workers skills.
- Strengthening continuous training to ensure a sustainable employability of workers as well as higher competitiveness of small companies while creating targeted financial incentives for related SME investments and putting in place training offers adapted to the needs of SMEs.
- Implementing the Youth guarantee by focusing on apprenticeships and traineeships, in a way which fully copes with short and medium term labour market skills needs.

Modernised Labour Markets

Flexible labour regulations, a variety of contractual arrangements combined with efficient active labour market policies, improved employability and mobility of workers as well as efficient and sustainable social protection systems are the core components to create a modern labour market that facilitates smooth transitions and ensures adaptability of enterprises and workers to a changing environment.

UEAPME requests for better functioning labour markets:

- Adapting labour law in order to better fit SME needs for flexibility as regards working time with a revision of the working time directive that takes into account Crafts and SME needs.
- Ensuring availability of different types of contractual arrangements while taking into account an adequate employment protection that avoids segmentation.
- Supporting all measures helping to transform informal or undeclared work into regular employment in order to secure a level playing field for Crafts and SMEs.

- Designing cost/effective active labour market policies and tax-benefit systems aiming at more inclusive labour markets and making work pay.
- Support negotiations of collective agreements at appropriate level to set-up wage level in line with productivity, ensure competitiveness and job creation and provide in-built flexibility for small companies where needed.
- Ensuring financial sustainability of social protection systems including and introducing pensions systems reforms to tackle ageing population.
- Fostering cross-border, regional and sectorial mobility by maximising the potential of the European Employment Services (EURES) network in order to tackle the skills mismatch.

10. Energy, environment and climate policies have to take competitiveness into account and should foster innovation

The energy sector has become a key factor for industrial competitiveness. **High energy prices in Europe** are not only impacting on energy intensive industry but have also become a real drawback for the competitiveness of SMEs. Future energy policy needs to better reflect negative energy price effects for Crafts, SMEs and industry at large, as Europe will only represent about 5% of global CO₂ emissions in 2030. After the review undertaken by the Commission, energy efficiency initiatives need to be developed, especially in the building sector representing about 40% of European energy consumption.

Climate policy must not ignore price competitiveness

Climate policy should not jeopardise the competitiveness of our economy and particularly of SMEs. UEAPME believes:

- the EU engagement in the new global climate agreement should be proportional to the other parties' ambitions and commitments and thus, should better be decided during the 2015 Paris conference or afterwards;
- the EU Institutions should agree on a realistic and economically feasible binding target at EU level to further reduce GHG emissions as the core element of their strategy to fight climate change. This GHG reduction target should be realistically reachable and above all compatible with competitiveness;
- to combat high energy costs the work on the liberalisation, decentralisation and integration of the energy market has to be continued.

Energy efficiency can contribute to competitiveness

Energy efficiency can contribute to reduce the energy bills of SMEs with prior investments, which are considered an extra-cost. Moreover, energy efficiency improvements are a great opportunity for SMEs in the construction sector as providers of energy efficiency equipment and construction techniques. Unfortunately, SMEs often cannot access this market as large energy companies control it (i.e. creation of their own subsidiaries, etc.). Such practices disrupt competition in the energy services market at the disadvantage of independent SMEs and therefore have to be avoided.

In this area, UEAPME calls for:

- the timely implementation of the legislation across the EU;
- the access of SMEs to the energy services market;
- national programs informing, training and providing technical assistance to SMEs;
- financial support or tax incentive schemes to allow SMEs to make the necessary energy efficiency investments, reduce their energy consumption and ultimately, reduce costs.

As long as these measures are not implemented successfully, UEAPME does not see the added value in a mandatory energy savings target.

Support for renewable energy but without endangering the competitiveness of SMEs

With regards to renewable energy sources (RES), the current situation in which the costs of the support schemes are passed on to small companies, often exempting energy intensive industry, can no longer be accepted since they contribute to keeping energy costs high. In spite of this, UEAPME supports a cost-effective and market-based expansion of RES since renewable energies represent an important economic sector for SMEs. Many of them are specialised in installing and maintaining RES equipment. However, this has to be achieved at the least possible cost, through:

- the setting up the necessary infrastructure, including smart grid technology;
- investments, especially in innovation in the area of energy storage;
- better coordination of national measures and support schemes;
- an easy access to the RES market for SMEs;
- the development of alternative decentralised systems in which micro-generation, better if fuelled with local renewables (including wind and solar energy), and Combined Heat and Power (CHP) play a major role and are encouraged by policy measures.

Europe has to guarantee security of energy supply

As a means to guarantee the security of energy supply, UEAPME:

- calls on the EU to take initiatives to strengthen energy interconnection between Member States, in particular the electricity grid interconnections. Improving interconnections will ease the completion of the EU's internal energy market.
- agrees with the exploratory drilling of shale gas. This unconventional energy source can contribute to reduce the EU's energy dependence and can be beneficial in terms of competitiveness and public revenues.
- demands further diversification of energy supplies and ways of transport.

Make resource efficiency a new business opportunity for SMEs

The Roadmap to a Resource Efficient Europe recognises the important role of SMEs in contributing to sustainable growth based on a resource-efficient and low-carbon economy. Likewise, Principle IX of the Small Business Act adopted in 2008 focuses on “*Enabling SMEs to turn environmental challenges into business opportunities*”. The European Commission is aware that SMEs need to make improvements in their resource and energy consumption and this is why it is currently working on the Green Action Plan for SMEs. UEAPME welcomes this initiative and expects it to properly foster the provision of support services to SMEs by:

- involving different networks, among them SME organisations;
- focusing on the local/regional level as the proximity to the SMEs is a very important factor when it comes to providing support services.

The Green Action Plan for SMEs should foster the development of green economy, cover the whole value chain and foresee the following support measures exclusively to SMEs and micro-enterprises: awareness-raising campaigns, coaching and guidance, trainings and the necessary adaptation of skills, easy access to finance.

Moreover, the new funding programs can support the provision of the support measures for SMEs in the field of resource and energy efficiency. In this line, UEAPME asks the Commission:

- to promote and clearly explain to SME representatives the resource-efficiency actions that can be financed through the new funding programs in order to guarantee that the budget earmarked to SMEs and resource-efficiency is fully used;
- for an optimum use of the “climate action, resource efficiency and raw materials” action of the societal challenges pillar of the Horizon 2020 so as to ensure the SME participation in resource-efficiency related projects.

In addition to the EU programs and policies, UEAPME calls for a friendly regulatory environment for SMEs. Current resource-efficiency related legislation (i.e. waste and energy efficiency laws) should first of all be implemented across the EU. Legislation in this field should not merely lay down unrealistic targets but rather set up the right support mechanisms to enable SMEs to comply with the legislation and at the same time be able to contribute in reaching the goals.

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