

You are (optional)



A citizen



A company



A national business association



A European business association



A non-profit organisation



A public authority / Governmental body



Other

What is your main sector of activity (optional)

The Council of Bars and Law Societies of Europe (CCBE) is the representative organisation of more than 700,000 European lawyers through its member bars and law societies from 31 full member countries, and 6 further observer countries.

In which country is your company/organisation based? (optional)

Do you agree on publishing or mentioning your contribution in the final report? (optional)



Yes



No

GENERAL QUESTION

What are the most important problems that European SMEs are facing and which prevent their growth? How to tackle them? (optional)

One of the essential objectives to ensuring sustained European growth is to improve the competitiveness of European companies, in particular SMEs. The SMEs (less than 250 employees) account for 23 million companies, i.e. 99% of companies and 75% of employment. However, these SMEs face numerous difficulties which hinder their activities:

- the SMEs are in a complex legal, tax and social framework. The administrative burden is too heavy and unlike large companies, they do not have the necessary internal resources to deal with them; reducing the administrative burden for SMEs is therefore an absolute priority.
- the rules and paperwork relating to the setting up of a company remain very complex and the creation of companies remains risky (minimum capital required, responsibility of individual entrepreneurs), which slows down the SMEs' growth. Accountancy rules are inadequate for them;
- the SMEs have a reduced access to public calls for tender (in France, only 21% of these calls for tender are allocated to SMEs). It is essential that SMEs can participate more easily in public calls for tender;
- in comparison with large companies, SMEs have only limited access to sources of financing. The market for capital development is not very accessible and financial markets are not adapted to them. Given the lack of diversified financing sources, SMEs have more difficulty in developing than large companies;
- SMEs face many hindrances when they consider setting up cross-border exchanges, even though these exchanges stay within the borders of the European Union.

The following list of policy areas has been developed to get more specific feedback on a number of issues. However, it does not prejudge the structure of the future “Small Business Act” for Europe, nor is it exhaustive.

1. BETTER REGULATION FOR THE BENEFIT OF SMES

The Commission has an ambitious strategy for better regulation and has set the target of reducing administrative burdens arising from EU legislation by 25% by 2012. However, SMEs still bear a disproportionate regulatory and administrative burden in comparison to larger businesses. In this context:

1.1 Is the current EU SME definition an obstacle to targeting support for SME growth in the right way? (optional)

Yes No Don't know

1.2 In addition to the systematic application of the subsidiarity and proportionality principles in legislation (see question 6.2), could differentiation regarding the way legislation is elaborated and applied according to the size of the company be useful (e.g. lower fees, fewer reporting requirements, thresholds or longer transition periods)? (optional)

Very useful Not very useful No opinion
 Useful Not useful at all

1.3a Do you consider that directly applicable EU-level legislation in certain areas creates a disproportionate and unnecessary administrative burden on SMEs? (optional)

Yes No Don't know

1.3b Would excluding SMEs from such direct application of EU legislation be a solution? (optional)

Yes No Don't know

Not necessarily.

1.4 Would the introduction of common commencement dates for all SME-relevant legislation coming into force and/or publication of an annual legislation statement be useful for SMEs? (optional)

Very useful Not very useful No opinion
 Useful Not useful at all

1.5 Do you think additional focused measures to alleviate the administrative burden on SMEs would be useful? (optional)



Yes



No



Don't know

1.6 Would you suggest any other obstacles or additional issues to address? (optional)

2. PUTTING SMEs AT THE FOREFRONT OF SOCIETY

Ensuring full recognition by society of the role of entrepreneurs

An important remaining obstacle to more competitiveness and growth in Europe has been identified in the lack of entrepreneurship and in particular in the ability of small businesses to grow. EU SMEs' role in society as a major source of employment, of economic growth and innovation needs to be better understood and recognised. Surveys which show that 45 % of Europeans would like to become their own boss compared with 61 % in the US prove that more needs to be done to encourage entrepreneurship as a career choice. In this context:

2.1 Do you see a need for additional measures in the Member States or at EU level to stimulate entrepreneurship through education? (optional)



Yes



No



Don't know

2.2 Is entrepreneurship sufficiently reflected in school curricula? (optional)



Yes



No



Don't know

More than entrepreneurship - a feature which depends on every individual - one should rethink training so that school curricula give to students the competences which will enable them to become an entrepreneur.

Besides the necessary basic knowledge, it is fundamental that school curricula include education in relation to information and communication techniques, personal independence and the ability to take initiative, the capacity to work in a team, an understanding of technologies such as Internet, a command of the English language, education on economics, and development of creativity. This training seems essential in order to develop the entrepreneurial skills of European students.

2.3 Do you see a need for the media to take a stronger role in fighting negative stereotypes towards entrepreneurship? (optional)



Strong need



Not much need



No opinion



Need



Not needed at all

2.4 Would you suggest any other obstacles or additional issues to address? (optional)

More practically, despite recent improvements, including the implementation of the Services Directive by the end of 2009 which obliges Member States to simplify and streamline their procedures and formalities, setting up a new business or transferring an existing one may still be too complicated. EU SMEs need in particular the knowledge and core competences that are essential for the successful transfer of business ownership. It is also important to tackle the problem of bankruptcy and the stigma that it generates and to give a second chance to entrepreneurs who fail non-fraudulently. In this context:

2.5 Would it make a significant difference to further reduce the time and costs for registering a company? (optional)

Yes No Don't know

2.6 Do you think it would be useful to propose additional measures to facilitate business transfer and tackle bankruptcy? (optional)

Very useful Not very useful No opinion
 Useful Not useful at all

2.7 Would you suggest any other obstacles or additional issues to address? (optional)

There are several issues to consider in order to simplify the administrative burden which SMEs face.

Among the measures which could be considered by the European Commission, one should mention:

- the simplification of rules to set up companies in each Member State;
- reducing the administrative burden and paperwork requested from companies (publications at registries, publication in local papers, etc.). Centralised registers which are accessible online could greatly decrease this paperwork and contribute to a better protection of creditors;
- implementation of the EPC Statute which aims to become a flexible and easily accessible form for the activities of a European company in other Member States and for the setting up of joint ventures in Europe;
- the simplification of bookkeeping for SMEs, in particular for small companies (less than 20 employees). Indeed, the accountancy rules to which these companies are subject are burdensome and often of little use.

Helping SMEs acquire the skills they need

Skills and competencies are key for SMEs and in particular for the craft sector. However SMEs are often negatively affected by shortages of skilled labour and do not benefit from the possibilities offered by cross-border mobility to enhance their skills potential. They suffer in particular from limited exploitation of information and communication technologies (ICT): they lack the necessary skills to use the new technologies and have difficulties coping with a plethora of business processes and ICT systems. In this context:

2.8 Do EU education systems deliver the necessary basic skills needed by entrepreneurs? (optional)

Yes No Don't know

2.9 How adequate are the existing measures for recognising qualifications at EU level? (optional)

- | | | |
|--|--|-------------------------------------|
| <input type="checkbox"/> Very adequate | <input type="checkbox"/> Not very adequate | <input type="checkbox"/> No opinion |
| <input type="checkbox"/> Adequate | <input type="checkbox"/> Not adequate at all | |

2.10 Do you see the need for cross-border mobility programmes for entrepreneurs and apprentices? (optional)

- | | | |
|--------------------------------------|--|-------------------------------------|
| <input type="checkbox"/> Strong need | <input type="checkbox"/> Not much need | <input type="checkbox"/> No opinion |
| <input type="checkbox"/> Need | <input type="checkbox"/> Not needed at all | |

2.11 Would the development of a programme to foster the e-skills of entrepreneurs at EU level be useful? (optional)

- | | | |
|--------------------------------------|--|-------------------------------------|
| <input type="checkbox"/> Very useful | <input type="checkbox"/> Not very useful | <input type="checkbox"/> No opinion |
| <input type="checkbox"/> Useful | <input type="checkbox"/> Not useful at all | |

2.12 Would you suggest any other obstacles or additional issues to address? (optional)

3. FACILITATING SMES' ACCESS TO MARKETS

Supporting SMEs to go beyond their local market and better use the Single Market

The Single Market guarantees access for enterprises to a wide common market operating according to a common set of rules. However, it is clear that SMEs do not use the potential that the Single Market offers. Only 8% of them report export activities. To tackle this issue, the European Commission will propose a “European Private Company” statute. But SMEs also lack information on business opportunities and applicable rules in another Member State. They also face difficulties when complying with taxation rules and when participating in, and benefiting from, European standardisation which helps to allow them to do business abroad and to innovate. In this context:

3.1 What are the areas where standards are not yet widely applicable and where SMEs would benefit from them? (optional)

3.2 Do you see a need to increase the participation of SMEs and their representative organisations in standardisation and improve the dissemination of standards? (optional)

- | | | |
|--------------------------------------|--|-------------------------------------|
| <input type="checkbox"/> Strong need | <input type="checkbox"/> Not much need | <input type="checkbox"/> No opinion |
| <input type="checkbox"/> Need | <input type="checkbox"/> Not needed at all | |

3.3 Do you see a need for improving the situation of SMEs in the area of direct and indirect taxation; if yes, which measures would be the most significant? In particular, should VAT rules be further reviewed? (optional)

In order to lighten taxation on SMEs in the area of direct and indirect taxation, one might choose to subject them to a specific tax regime. For example, one might consider that

direct taxation, for the smallest structures with a low turnover, be replaced by one single levy at source calculated on the basis of income and expenses.

3.4 Which additional measures would you suggest to help SMEs to better use the potential of the Single Market including the EEA and Candidate Countries? (optional)

To facilitate the access of SMEs to markets and to further their activities outside their markets, one could envisage the spill-over effect that big companies can have on SMEs: programmes could be established to facilitate the use of SMEs of their Member State or of any EU Member State by big companies. For example, in France, the “Passerelle” programme enables big public and private companies which want to buy a product or a service from an innovating SME to benefit from a subsidy to finance the adaptation of the SMEs offer to their own needs. One could also envisage reducing payment terms to SMEs.

Facilitating SMEs’ access to public procurement

The public procurement market in the EU is estimated to be worth around 16% of EU GDP, which represents a huge market. Some 42% of the value of public procurement contracts above the thresholds of the EU Directives already goes to SMEs. The Commission is convinced that while reserving procurement quotas for SMEs is not necessary, practical difficulties should be addressed to further improve SMEs’ performance in public procurement. In this context:

3.5 Do you see a need to improve SMEs’ access to public procurement? (optional)



Yes



No



Don't know

While many countries have established mechanisms of specific preference, like the USA, Japan, Canada and Korea; the access of SMEs to public calls for tender in Europe is limited. These markets represent important opportunities of growth and development for SMEs. In France, for example, the State gives orders worth 130 billion euro to companies, of which 2 billion is allocated to research and development. The improvement of access of SMEs to these markets should therefore be a priority, and the following measures should be considered:

- to facilitate the participation of SMEs to calls for tender by organising them and also responses on Internet;
- to favour SMEs in the allocation of public markets of research and development;
- to favour innovative SMEs by introducing criteria in relation to the research and development they undertake according to their sector of activity (defence, health, IT, biotechnology, etc.).

3.6 Would increased transparency of EU procurement opportunities below the thresholds make a difference (e.g. through a voluntary database disseminating procurement opportunities, central databases in the Member States or a broader use of electronic platforms)? (optional)



Yes



No



Don't know

3.7 Would you suggest any other obstacles or additional issues to address? (optional)

Encouraging SMEs to tap opportunities outside the Single Market

Fast-growing markets both in the EU neighbourhood and beyond also present an untapped potential for many European SMEs. But they are not easy to access for SMEs. Complex regulatory and legal environments, linguistic and cultural barriers, lack of knowledge of potential markets and difficulties in identifying the right partners need to be overcome. In this context:

3.8 In general, how can SMEs be helped to go global? Which countries/areas should be given priority? (optional)

There is no particular country or sector that should be helped in particular as growth opportunities can vary according to the activities and internal resources of SMEs. However, it is essential to ensure that no country/sector be made inaccessible to SMEs due to an overly heavy administrative burden, to insufficient financing or too strong competition between big private and public enterprises. By removing these obstacles to the activities of SMEs it would enable them to seize opportunities when they come.

3.9 Is there a need to establish European Business Centres in some fast-growing countries? (optional)



Yes



No



Don't know

Yes, these centres could facilitate the setting up of European SMEs in these countries. They would contribute to facilitating the development of SMEs' activities on the lesser known markets of these countries by giving them access to information and help regarding the practice of business in these areas.

3.10 Do you see the need for new programmes supporting SMEs entering these markets, following the example of Gateway to Japan and the Executive Training Programme? (optional)



Yes



No



Don't know

Why not, if it is about providing tools specifically for SMEs which would enable them to know better the target markets.

4. SUPPORTING SMEs' ACCESS TO FINANCE AND INNOVATION

Improving SMEs' access to finance at EU and national level

Getting a company off the ground or expanding it requires money and raising the right kind of finance can be a major difficulty for Europe's SMEs. On the one hand, risk aversion makes investors and banks shy away from financing start-up SMEs. On the other hand, SMEs would benefit from a better understanding of finance, and need effective support when accessing outside finance. The EU already provides support to SMEs which is available in different forms such as grants, loans and, in some cases, guarantees. Support is available either through the Competitiveness and Innovation framework Programme (CIP), or the Structural Funds (including the JEREMIE initiative). In addition to the many State aid instruments already available to support SMEs, the Commission is currently working on new State Aid rules to increase the possibilities to support SMEs and to simplify procedures (Block Exemption Regulation). In this context:

4.1 How could public policies and instruments to facilitate SMEs' access to finance be improved (e.g. awareness, procedures, cost, or better adequacy of products)? (optional)

It seems essential, in order to sustain growth, to increasing financing possibilities for SMEs. Few players in capital development are able to or interested in financing small and medium-sized enterprises at a very early stage of their development. Besides, many family-run enterprises don't look for outside capital, and even fewer look to be quoted on the stock market. These hesitations hinder the growth of SMEs and of employment.

One should consider that in each European country, SMEs could have access to an easily accessible market such as the Alternative Investment Market (AIM) created in 1995 and which is worth 5 billion euro. These markets should enable SMEs to go to the stock exchange by respecting less stringent requirements while guaranteeing a minimum of transparency and security for investors.

To ensure the success of these markets, one should decrease the access requirements regarding bookkeeping and minimum floating and soften and simplify periods and investment quotas of investment capital funds.

Besides, one should try to attract financing for SMEs from funds and banks in each Member State. Risk-capital is mainly financed by individuals; it hardly funds SMEs. This is due to the fact that yearly return rates have amounted from 0% to 5% in the last ten years, while LBO varies between 15 and 20 % a year. Various measures must be considered within Members States to solve the problem (ask banks to publicise their ratio of refusal of loans to SMEs, enable insurance companies to invest in SMEs all or a part of escheated contacts).

4.2 What are the main problems SMEs face in accessing various EU support programmes such as the 7th Framework Programme for Research and Development, the Competitiveness and Innovation Framework Programme (CIP) or the Structural Funds (including the JEREMIE initiative)? (optional)

4.3 What are the main obstacles for SMEs in accessing micro-credit (less than 25000 euros)? (optional)

4.4 Would you suggest any other obstacles or additional issues to address? (optional)

To facilitate the management of SMEs' funds, one could propose to have a stricter framework for payment terms at European level.

There are great inequalities in Europe as in 2005, payment terms amounted in average in France to 66 days, 52 days in the UK, 47 days in Germany, 40 days in The Netherlands, 36 in Sweden, and 26 in Norway. The clients' debts represent 25 % of the turnover of French SMEs as against 8% of German ones.

Despite the 2000 Directive aiming at sanctioning delays in payment, the sanctions are weakly enforced and the delays in payment strongly sanction the accounts of SMEs. In France, the average payment term for the food sector is 120 days.

Since January 2008, the entry into force of new European rules on the surveillance of banks, known as Basel II, imposes on banks a higher rate of net assets when the solvency of the borrower is weak, which causes increased difficulties to access bank loans for SMEs waiting for payments.

One could envisage that SMEs' payment terms be reduced to 30 days after delivery, which would not challenge the principle of free trade, but would outline the conditions of its practice. The publication of payment terms of groups on the stock exchange could be imposed.

One could also envisage the reduction of the term of VAT refund to 10 days for SMEs in order to favour an increase of treasury of SMEs.

Encouraging a knowledge-based economy

SMEs need to become more competitive through strengthening their innovation potential when developing new products and services or to find more efficient ways to deliver existing ones. New ideas need to be properly protected if their originator is not to lose out, and SMEs need to be aware of how to do so. In this context:

4.5 Is there a need to help SMEs deal with IPR protection, to improve awareness and provide support services for SMEs to protect their innovation? (optional)



Strong need



Not much need



No opinion



Need



Not needed at all

4.6 What are the most significant problems SMEs face in the use of patents? (optional)

The protection of intellectual property rights is difficult for a SME as it assumes a regular follow-up of the recording, necessary renewals and updates (for example, for the use of one same brand for a new line of products). This protection implies complex and lengthy procedures, and the SMEs do not always have the resources necessary for such a follow up.

4.7 Would you suggest any other obstacles or additional issues to address to further enhance the innovation capacity of SMEs? (optional)

5. TURNING THE ENVIRONMENTAL CHALLENGE INTO OPPORTUNITIES FOR SMEs

Climate change, scarcity of energy supplies and sustainable development are examples of key challenges for SMEs which have to adopt more sustainable production and business models just as larger companies do. But the demand for environmentally friendly products and services also opens the way for new business opportunities. However, lack of information, insufficient expertise and scarcity of financial and human resources create a specific challenge for SMEs in complying with environmental legislation and fully exploiting the opportunities for new “green” markets and increased energy efficiency. In this context:

5.1 How could SMEs best benefit from policy measures on a sustainable industrial policy such as voluntary standards for particularly environmentally friendly products? (optional)

SMEs have an interest in being involved in current discussions on environmental questions, on issues of industrial policy and in general on issues of corporate social responsibility. If one of the major risks on growth is the unavailability, the inadequacy or the cost of energy, *a contrario*, an active energy policy is more than necessary. SMEs which are active in these areas, have an interest in being fully associated to these issues.

5.2 Would Community support for energy audits in SMEs be useful? (optional)

- Very useful Not very useful No opinion
- Useful Not useful at all

5.3 Do you see the need for facilitated access to the European Environmental Management and Audit system (EMAS)? (optional)

- Strong need Not much need No opinion
- Need Not needed at all

5.4 Would you suggest any other obstacles or additional issues to address? (optional)

6. ENHANCING THE IMPLEMENTATION OF EU SME POLICY PRINCIPLES

The European Charter for small enterprises, the Modern SME policy and various Council conclusions established a number of principles that constitute the basis for SME policies both at European and national level which are now fully anchored in the Lisbon Strategy for Growth and Jobs. These principles, such as following a 'Think Small First' approach when elaborating and applying legislation, consulting systematically SME representatives, evaluating the impact of forthcoming legislation on SMEs or providing appropriate business support to SMEs, need to become irreversible and systematically applied both at Community and national policy level in line with the Growth and Jobs Strategy. In this context:

6.1 What is the right way to agree on principles of SME policy across the EU and to ensure their implementation at EU and Member States level? Is there still an untapped potential within the European Charter for Small Enterprises Process? (optional)

SMEs should be encouraged to take part more actively in the preparation of policy which concerns them at the national and European level. Therefore, the consultation of SMEs and their representatives, as well as trade unions, is essential in order that their views on envisaged reforms, on measures in place and on the evaluation of their impact are heard. To this extent, this questionnaire, which is accessible to all through a form to be filled in online, is a move in the good direction.

6.2 Would a systematic application of the subsidiarity and proportionality principles at EU level help to further strengthen the application of the 'think small first' principle? (optional)

- Yes No Don't know

6.3 Would you suggest any other obstacles or additional issues to address? (optional)