



Mr. Antonio Tajani
Vice-President
European Commission
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Dear Vice-President,

As the Commission prepares to discuss its communication on the review of the Small Business Act (SBA), I would like to share with you on behalf of all our members some thoughts for reinvigorating the EU's policy for SMEs. Without itemising all the contributions already communicated to your services, allow me to underline the key elements or practical aspects that are at the heart of our concerns at this stage:

1. Governance

Two years after adoption of the SBA, implementation of the 10 SBA principles by the Member States can be regarded overall as a work in progress. However, the key "think small first" principle is not yet fully anchored at all stages of the policy-making process and at all levels of government. We strongly support your intention to propose an effective governance process, which ensures that the SBA is mainstreamed in the enterprise policy of all member States. Member States need a national focal point that monitors and coordinates the implementation of the SBA principles at national level.

Business organisations should be consulted as part of the governance process, and be given the possibility to express their views on how the EU and its member States are applying the SBA. The governance process should be able to address urgent needs.

2. Administrative burdens

The communication should offer an important opportunity to revitalise efforts to lighten the administrative burden on SMEs. This remains one of the most critical conditions for creating an environment in which entrepreneurs can thrive. A consistent application of the SME test in the impact assessment is needed to ensure that the interests of SMEs are fully taken into account when devising new legislation.

Experience shows that adoption of clear commitments on quantitative targets is a key route for encouraging progress in this area. It is essential to persevere until the 25% reduction target set in 2007 has been fully achieved (for administrative burden and costs generated as a result of European legislation).



However, given that this objective represents only a fraction of total possible reductions, it is also essential to set an additional target to be achieved during the lifetime of this Commission. We recommend to give each Directorate-General a net reduction target. This net reduction target should lead to a re-assessment of certain existing instruments, in order to ensure that new legislation does not add any new burdens, thereby cancelling out any reductions achieved.

3. SME access to finance

There is an urgent need for the member States and the Commission to facilitate access to finance for both innovation-based SMEs and more mainstream SMEs.

In the present circumstances, it is essential that member States provide more incentives for investing revenue in equity. National tax incentives tend to focus on innovation-related expenditures. They should also benefit other types of growth-generating investments. Solutions should be found at EU level for the problem of double taxation of dividends, which hampers cross-border financing arrangements.

The role of the Commission in helping compensating for market failures should be intensified. The potential offered by the instrument of financial guarantees should be fully exploited. Obstacles to a fully integrated European Venture Capital market should be eliminated.

The scope of the SBA strategy should include systemic aspects such as the future financial markets regulations. As transposition of the Basel recommendations into European law goes ahead, it must be ensured that:

- there is no distortion of competition with negative consequences for SME financing,
- company financing continues to be an attractive business activity for banks,
- traditional long-term financing of companies by banks can be continued without any excessive burden on SMEs,
- the envisaged transition periods at EU level are used to the full,
- the rules are implemented completely and simultaneously around the world.

In order to design balanced regulations relating to the European financial markets, it is essential to launch an overall impact assessment examining the implications of all planned and proposed items of regulation, their possible unintended side effects and the interactions between the individual measures.

For developing EU policy orientations and initiatives, full use should be made of the SME Finance Forum that you have established.



4. Information services and e-skills

Instruments such as the “Points of Single Contact” that were set up in the context of the Services Directive to provide companies with information and assistance should be improved, and other “one-stop shop” instruments introduced where needed. Business organisations can provide very valuable assistance for modernising electronic portals and enhancing users’ e-skills, thereby facilitating access to these instruments. We think it important for the Commission to plan intensified actions to promote e-training in the context of the SBA strategy.

The Commission should keep all channels open for communication with businesses, without focusing exclusively on the European Enterprise Network (EEN).

I thank you for the consideration you may give to these various points for the final version of the SBA communication, and I am prepared to discuss them with you.

Yours sincerely,

Cardinal

Philippe de Buck