

Company law and corporate governance package: SMEs peripheral

EUROCHAMBRES considers that the European Commission's new Company law and corporate governance package falls short of its objective to provide cost-efficient company law solutions for small and medium sized enterprises (SMEs) which operate across borders. Any benefits from European single-member limited liability company (SUP) included in the package will largely be unfelt by smaller businesses. EUROCHAMBRES also considers that the focus on single shareholder companies is inconsistent with the need to promote equity financing in the European Union.

EU statistics indicate that around a quarter of SMEs are active across borders within the EU. The Single Member Company Directive contained in the package focuses on facilitating investment and establishment in other member states, but EUROCHAMBRES argues that most small businesses simply want to trade across borders.

"We see little in this package that is going to make the single market more accessible to Europe's micro and small businesses. While the SUP may have some benefits, it will not help an existing small businesses that wants to buy or sell goods and services in the single market", commented Arnaldo Abruzzini, Secretary General of EUROCHAMBRES.

Given the need to encourage businesses to move away from debt to equity based financing, EUROCHAMBRES also argues that the Commission should be encouraging SMEs to open their shareholding to third parties, rather than to maintain a single member format.

EUROCHAMBRES regrets the decision of the European Commission to withdraw the European Private Company (SPE), a company law instrument of far greater potential value to SMEs.

"We acknowledge that the SPE has been stuck in Council for several years, but there are signs that a breakthrough may be achievable. We call for another attempt at reviving this instrument, which could prove significant in opening up the single market to smaller businesses", concluded Mr Abruzzini.

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