

Small Business Act: Laudable initiative, sound proposals...but the real work starts now

EUROCHAMBRES, the Association of European Chambers of Commerce and Industry representing over 19 million companies in Europe, congratulates the European Commission on today's launch of the Small Business Act (SBA), a document which has succeeded in identifying and addressing most of the issues of concern for European small and medium-sized enterprises (SMEs).

According to a recent study*, Europe is far from being the best place to create and run a business compared to other leading global economies. The Small Business Act outlines many of the causes for this unfavourable analysis and proposes sound guidelines and measures for improvement..

Right boxes ticked

First and foremost, EUROCHAMBRES welcomes the recognition of the "Think Small First" principle as one of the three political objectives underpinning the SBA. The SBA also addresses the main obstacles hindering European SMEs**. Administrative and regulatory burdens, for instance, the n°1 concern for businesses. In this respect, the introduction of systematic SME cost-benefit analysis on all new EU legislation potentially affecting enterprises is a very positive initiative.

EUROCHAMBRES also warmly welcomes the adoption of a proposal for a regulation providing for a Statute for a European Private Company, an idea supported by the Chamber network since 1998, which will simplify the legal framework for setting up and running businesses across EU borders. *(see separate Fact Sheet for detailed comment)*

But important items missing

EUROCHAMBRES regrets the absence of certain important topics from the list of proposed measures. The lack of skills, and factors related to the labour law rank very high in the list of SMEs' problems. This is confirmed by the abovementioned study, whereby the EU ranks behind India and China when it comes to employing workers. Yet, the SBA does not make any reference at all to improving labour market flexibility, and the creation of a European skills observatory, which would enable to monitor the skills demand in business effectively, is not foreseen.

EUROCHAMBRES also regrets the lack of commitment by the Commission to use e-procurement applications for its own tenders/proposals – which could simplify procedures and make them more transparent – and the absence of an SBA 'review clause' to adapt the foreseen policy measures to the rapidly changing business environment and introduce new ones if necessary.

Will Member States follow?

Finally, EUROCHAMBRES questions the SBA's capacity to deliver concrete results given the non-binding nature of the document, which leaves it to the goodwill of Member States to act. Previous exercises clearly indicate that this is not enough to make a difference.

Arnaldo Abruzzini, Secretary General of EUROCHAMBRES, said: *"Implementation has proved to be the Achilles heel with previous European SME initiatives. The SBA is an unprecedented opportunity to make up for lost time in developing an environment that will facilitate better business creation and growth. We need Member States' commitment and active engagement to set a rigorous implementation programme and to give the SBA the political importance it deserves. We count on the French Presidency to keep the SBA high on the EU's political agenda."*

* "Doing Business 2008" report, World Bank Group

** Ranking of obstacles according to the response to the European Commission's public consultation on the Small Business Act, March 2008.

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