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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, ECONOMIC AND SOCIAL COMMITTEE AND
THE COMMITTEE OF THE REGIONS**

Review of the "Small Business Act" for Europe

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1. INTRODUCTION

The "Small Business Act" for Europe (SBA)¹, provides a comprehensive SME policy framework, promotes entrepreneurship and anchors the "Think Small First" principle in law and policy making to strengthen SMEs' competitiveness.

Built around ten principles and several concrete policy and legislative actions to implement them, the SBA invites both the Commission and the Member States to tackle the obstacles that hamper SMEs' potential to grow and create jobs. This Communication takes stock of the implementation of the SBA and assesses the new needs of SMEs operating in the current economic environment, where they find it increasingly difficult to get financing and access markets. The SBA must contribute to achieving the ambitious objectives of the Commission's new reform agenda, the Europe 2020 strategy², in which several SME-relevant actions have already been set out in the key flagship initiatives. The Annual Growth Survey³, presented by the Commission in January 2011, concludes that the delivery of the Europe 2020 strategy requires, in addition to fiscal consolidation, pro-active policies to drive growth in the EU, including measures to improve the environment for industry and business, in particular SMEs. Also the Commission Communication "Towards a Single Market Act" launched a debate on key measures to be adopted in order to relaunch the Single Market, including initiatives to strengthen the competitiveness of SMEs.

This review presents an overview of progress made in the first two years of the SBA, sets out new actions to respond to challenges resulting from the economic crisis reported by stakeholders, and proposes ways to improve the uptake and implementation of the SBA with a clear role for stakeholders, with business organizations at the front-line. At the same time, it is borne in mind that each SME is different: their variations in size, field of activity and legal form require the appropriately adapted attention of policymakers. Finally, it indicates commitments by the Commission to continue implementing the SBA, while calling on Member States to do their share.

2. THE IMPLEMENTATION OF THE SBA IS PROGRESSING STEADILY BUT MORE NEEDS TO BE DONE

¹ Commission Communication 'Think Small First' - A 'Small Business Act' for Europe, COM(2008)394 final.

² http://ec.europa.eu/eu2020/index_en.htm

³ COM(2011) 11 final.

The SBA is based on ten key principles and a number of concrete actions fully endorsed by the European Council in December 2008. Both the European Commission and the Member States committed themselves to set out the necessary measures to improve the regulatory, administrative and business environment and to support European SMEs. The main focus was, and remains, structured around three areas: ensuring access to finance, taking full advantage of the Single Market and smart regulation.

A first report on the Commission's and Member States' measures to implement the SBA was published in December 2009⁴. This section builds on these results and assesses how and to what extent the EU and Member States have implemented the SBA.

2.1. Progress made by the European Commission

A leap forward in improving the business environment

All legislative initiatives foreseen by the SBA have been adopted, with the exception of the Regulation providing for a Statute for a European Private Company (SPE), still under discussion by the Council. The Commission urges Member States to adopt it without delay in order to reduce administrative burdens in connection with cross-border business. The Directive on e-invoicing adopted by the Council in 2010 brings benefits, in particular by allowing the sending of e-invoices on equal terms to that of paper invoices. Moreover, businesses with a turnover of less than €2 million may benefit from an optional cash accounting scheme which makes it possible for them to delay accounting for VAT until they receive payment from their customers⁵. The Directive to combat late payment adopted by the Council in January 2011 requires public authorities to pay within 30 days and sets an upper limit of 60 days for business to business payments, unless businesses expressly agree otherwise and if it is not grossly unfair to the creditor⁶. Member States are invited to implement the Directive without delay. In addition, the Commission has begun to use an "SME test" in its impact assessments.

The EU's role in access to finance has grown

To improve SMEs' access to finance, financial instruments within the Competitiveness and Innovation Framework Programme (CIP) continue to facilitate venture capital investments and provide guarantees for lending to SMEs. Microenterprises represent 90% of the over 100 000 SMEs that have benefited so far from the CIP financial instruments. A further 200 000 SMEs are expected to benefit by 2013. On average, each SME that is granted a guaranteed loan in the EU creates 1.2 jobs⁷. The Commission has also set up a permanent SME Finance Forum bringing together SME representatives, banks, market operators, and other financial institutions, including the EIB, in order to address the various practical obstacles faced by SMEs when attempting to get credit. Furthermore, the Temporary State Aid framework that allows for additional aid for SMEs has been partially prolonged until the end of 2011⁸.

⁴ http://ec.europa.eu/enterprise/policies/sme/small-business-act/implementation/files/sba_imp_en.pdf

⁵ Moreover, the Commission Green Paper on the future of VAT includes a specific section on SMEs.

⁶ http://ec.europa.eu/enterprise/policies/single-market-goods/fighting-late-payments/index_en.htm

⁷ SEC(2005)0433 final, Annex to COM(2005)121 final.

⁸ Communication of the Commission: Temporary Union framework for State aid measures to support access to finance in the current financial and economic crisis, (OJ CC 6, 11.1.2011, p. 5).

Access to markets is improving, in particular for public procurement

Both the Commission and the European standards bodies have made good progress in promoting SMEs' access to the development and use of standards. With the financial support of the Commission, a number of experts representing SMEs' interests are helping to make European standards more SME-friendly while the European standards organisations are beginning to facilitate SMEs' access to standards, e.g. by setting up SME helpdesks and portals.

When it comes to public procurement a recent Commission survey suggests that SMEs now experience fewer administrative burdens when accessing public procurement and have better opportunities for joint bidding. They secured 33% of the total value of procurement contracts above the thresholds of the EU Directives in the period 2006-2008, while their overall share in the economy, as calculated on the basis of their combined turnover, is 52%⁹.

In November 2010, the Commission opened an EU SME Centre in China which provides information, advice, training and matchmaking opportunities for European SMEs willing to export to or invest in the Asian market.

Entrepreneurship takes its place in the new innovation policy

The "European SME Week" continued to provide a pan-European platform with more than 1,500 events and 3 million participants¹⁰. This will be continued in 2011 and beyond. Moreover, the 'Erasmus for Young Entrepreneurs' programme, launched in 2009, offers on-the-job training to nascent and new entrepreneurs with a view to fostering cross-border networking and business cooperation with experienced entrepreneurs. Last but not least, around 250 successful female entrepreneurs now form the European Network of Female Entrepreneurship Ambassadors set up by the Commission in 2009 to inspire more women to become entrepreneurs¹¹.

The Commission has put entrepreneurs and SMEs at the heart of its innovation and research policy¹². Its aim is to remove the remaining barriers to "bringing ideas to market" and promoting entrepreneurial mindsets among students and researchers. The proposal includes new financial instruments for start-ups and fast growing firms expanding in EU and global markets (e.g. loans, venture capital and risk-sharing finance), further simplification of EU research and innovation programmes, affordable intellectual property rights (IPR) and strategic use of procurement budgets. The Commission also intends to support internationally competitive clusters, bringing together large companies and SMEs, universities, research centres and communities of scientists and practitioners to exchange knowledge and ideas.

Cohesion Policy programmes¹³ and the European Agricultural Fund for Rural Development (EAFRD)¹⁴ are both key means of turning the priorities of the SBA into practical action on the ground while ensuring complementarity between EU, national and regional support.

⁹ http://ec.europa.eu/enterprise/policies/sme/business-environment/public-procurement/index_en.htm

¹⁰ <http://ec.europa.eu/enterprise/policies/entrepreneurship/sme-week/>

¹¹ http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/women/ambassadors/index_en.htm

¹² The Europe 2020 flagship Initiative "Innovation Union", adopted by the Commission in October 2010.

¹³ Communication 'Regional Policy contributing to smart growth in Europe 2020', COM(2010)553.

¹⁴ http://ec.europa.eu/agriculture/rurdev/leg/index_en.htm and http://ec.europa.eu/agriculture/fin/index_en.htm

Further investment should encourage regions, to find specific niches in the innovation landscape, based on ‘smart specialisation strategies’.

2.2. Developments in the Member States

Progress in improving the business environment is slow

All Member States have acknowledged the importance of a rapid implementation of the SBA, but the approach taken and the results achieved vary considerably between Member States¹⁵. While most of them have adopted national targets for reducing administrative burdens, not all Member States have effectively reduced them. Only a few Member States have integrated an SME Test into their national decision making approach (Belgium, Denmark, Finland, Germany, Poland, Slovenia, Sweden and the United Kingdom).

Access to finance has improved but the challenge remains in the hands of the Member States

As a response to the financial and economic crisis, most Member States have adopted measures to enhance SMEs’ access to finance, especially bank lending, through advantageous subordinated loans, loan guarantee schemes or microcredit programmes. Six Member States (Belgium, Hungary, France, Germany, Ireland and more recently Finland) have created a "credit ombudsman". Given that access to finance is in the end largely in the hands of Member States, a stronger approach is warranted.

Access to markets improves as Member States introduce innovative procurement procedures and e-government

Several governments support the internationalisation of SMEs, e.g. by financial support for export promotion, market access strategies and participation in trade fairs (Cyprus, Czech Republic, Denmark, Estonia, France, Germany, Ireland, Italy, Latvia, Lithuania, Malta, the Netherlands, Poland, Portugal, the Slovak Republic, Spain, Sweden and the United Kingdom). Some of them (e.g. Denmark, Slovenia) focus on high-growth companies willing to internationalise; some others have established new export promotion agencies (e.g. Luxembourg) or new support programmes (e.g. Hungary). A mentoring scheme, whereby big companies support the internationalisation of SMEs, is also being piloted (e.g. France).

Only a few countries have reported that they have started to promote the European Code of Best Practices in order to facilitate SMEs’ access to public procurement (e.g. Austria, Cyprus, France, Germany, Hungary, Ireland, Lithuania, Poland, Portugal, Sweden and the United Kingdom). The most widespread SME-friendly measures in this area remain cutting tenders into lots, whenever possible, and facilitating access to information through centralised websites, interactive web pages, and other e-procurement developments.

Some Member States have developed new models to favour collaboration among companies (e.g. Italy with business networks and Germany with cluster networks).

In order to support entrepreneurship at this difficult economic time, Member States have to step up their efforts to simplify bankruptcy procedures

¹⁵ Examples of Member States’ actions to implement the SBA are included in the Annex.

No progress can be reported in the area of simplification of bankruptcy procedures. Only five Member States (Belgium, Finland, Ireland, Spain and the UK) comply with the recommendation to complete all legal procedures to wind up a business in the case of non-fraudulent bankruptcy within a year. This is the same as 2009 and 2008.

Finally, Member States are making good progress in making it cheaper and faster to start up a company. The average time and cost to start up a private limited company in 2010 was 7 days (12 days in 2007) at a cost of € 399 (€ 485 in 2007)¹⁶.

2.3. Need for further action

Much has been achieved since the adoption of the SBA. The Commission has been faithful to commitments and implemented most of the measures promised. Member States, on the other hand, present a patchier record. For the SBA to achieve its objective of an SME friendly economic policy, it is important to ensure that the actions to which the EU and Member States committed themselves at the time of its adoption are fully implemented. At the same time, much has changed in the economic context and new challenges have emerged. For SME policy to respond correctly to the current circumstances, it is essential to look further.

On this basis, the SBA Review proposes a set of new actions aiming to respond to the challenges resulting from the **economic crisis**, and further developing existing actions in line with the **Europe 2020 strategy**, in the following areas:

- making smart regulation a reality for European SMEs,
- paying specific attention to SMEs' financing needs,
- taking a broad-based approach to enhancing market access for SMEs,
- helping SMEs to contribute to a resource-efficient economy, and
- promoting entrepreneurship, job creation and inclusive growth.

These actions will only make an impact if based on strong SME governance. Ways to improve this are proposed by the SBA Review, giving a clear role for stakeholders.

3. GIVING FRESH IMPETUS TO THE SBA

3.1. Smart regulation needs to become a reality for European SMEs

The implementation of the “Think Small First” principle remains the core principle of the SBA. It implies a simplification of the regulatory and administrative environment in which SMEs are operating, notably by designing rules according to it, including the ‘only once’ principle or by using tools like e-government and one-stop-shop solutions. While both the Commission and Member States have increasingly made efforts to implement the principle, there is still scope for making its application more systematic based on the EU’s Smart Regulation agenda¹⁷.

¹⁶ http://ec.europa.eu/enterprise/policies/sme/business-environment/start-up-procedures/index_en.htm

¹⁷ Communication on Smart regulation in the EU, COM(2010) 543.

The Commission will further strengthen the application of the ‘SME test’ in its impact assessment procedure to ensure that impacts on SMEs are thoroughly analysed and taken into account in all relevant legislative and policy proposals, with a clear indication of quantified effects on SMEs, whenever possible and proportionate. While performing "competitiveness proofing" of its proposals the Commission will analyse the ability of European businesses, and SMEs in particular, to compete on the EU markets and abroad. Moreover, the differences between micro-, small and medium-sized enterprises need to be recognised and be taken into account when applying the ‘SME Test’, and, where appropriate, specific measures such as reduced fees or simplified reporting obligations should be envisaged. Whenever the option to implement these types of measures is left to the Member States, they should make use of them. Similarly, Member States should avoid ‘gold plating’, i.e. exceeding the requirements of EU legislation when transposing Directives into national law. The Commission confirms its readiness to assist the Member States in this task.

To ensure that the regulatory framework is fit for purpose and to identify the cumulative effects of legislation, the Commission will apply "fitness checks" to existing legislation whereby evaluations of individual pieces of legislation are complemented with a more comprehensive approach. This will help to identify inconsistencies and obsolete or ineffective measures and will further reduce the burden on SMEs, including those working in non-industrial sectors for instance in the field of trade or crafts. Such an approach is currently being developed in the area of services with a view to testing the overall functioning of the Single Market for services, notably from the angle of SMEs¹⁸.

Simplification is a major objective. By October 2011, the Commission will simplify the transparency and reporting requirements for smaller listed companies. Moreover, the Commission is assessing the simplification of the audit requirements for small firms to follow-up the Green Paper on Audit policy¹⁹.

Involving stakeholders closely when developing EU SME policy is an essential element of the SBA. The decision to increase the period of public consultations launched by the Commission from eight to twelve weeks from 2012 onwards should give more time to stakeholders to consult their members and to consolidate their position on SME-relevant initiatives. The Enterprise Europe Network’s revised SME panels complement feedback received from established SME representative bodies at national and EU level.

Efforts to make public administrations responsive to SMEs need to be strengthened, in particular by increasing the use of e-government solutions. The e-Government Action Plan²⁰ sets out a wide range of actions which will allow SMEs to spend less time on administrative procedures, including through promoting cross-border e-procurement. In the same manner, the Commission will work with Member States to further develop the "Points of Single Contact", aimed at considerably facilitating such procedures, into user-friendly e-Government portals which allow for electronic completion, including cross-border, of all necessary administrative requirements.

The Commission will:

- ensure that SME expertise is fully available when assessing the impact of new proposals

¹⁸ COM(2011) 20.

¹⁹ http://ec.europa.eu/internal_market/consultations/2010/green_paper_audit_en.htm

²⁰ http://ec.europa.eu/information_society/activities/egovernment/action_plan_2011_2015/index_en.htm

on SMEs while taking into account differences in the size of enterprises, where relevant;

- promote across the EU the application of the "only once" principle whereby public authorities and administrative bodies should refrain from requesting the same information, data, documents or certificates which have already been made available to them in the context of other procedures;
- simplify the EU accounting framework by revising the basic requirements for annual and consolidated accounts (4th and 7th Directive) of limited liability companies;
- in line with the Smart Regulation Communication, explore the possibility for reducing "gold plating" by Member States;
- carry out "fitness checks" in order to assess whether the regulatory framework for a policy area is fit for purpose and, if not, what should be improved;
- carry out Single Market "performance checks" in order to identify and, as appropriate, remedy difficulties pertaining to the interaction of simultaneously applicable pieces of EU legislation to the service sector.

The Member States are invited to:

- systematically assess the impact of legislation on SMEs using an 'SME test' while taking into account differences in the size of enterprises, where relevant;
- present at a defined moment of each year a forward planning of business related legislation that will enter into force over the next budgetary period;
- apply the "Think Small First" principle not only to legislation but also to administrative procedures affecting SMEs (e.g. by introducing a single interlocutor and reduced reporting obligations).

3.2. The economic situation requires specific attention to SMEs' financing needs

The SBA invites the EU and Member States to facilitate SMEs' access to finance, including supporting timely payments in commercial transactions. Due to the economic crisis, many SMEs have seen their financial situation and their credit worthiness deteriorate, despite a viable underlying business model and a solid customer base. At the same time, the latest European Central Bank (ECB) lending surveys have shown that several European banks have tightened their credit standards for companies²¹. New initiatives are needed to improve SMEs' access to finance, including via capital markets and encouraging investment through fiscal policies. High indebtedness has made many SMEs vulnerable to difficult financial market conditions. Therefore, Member States should provide incentives for investing revenue in equity, keeping in mind that the needs of entrepreneurial growth companies and established mainstream European SMEs are different. Public SME finance schemes should be boosted at both national and European level in order to address identified market failures, and

²¹ <http://www.ecb.int/stats/money/surveys/lend/html/index.en.html>

streamlined to improve accessibility. Particular attention should be paid to the problem of financing the first growth phase of firms.

New regulatory provisions for financial institutions introduced either at EU level or by the Member States should be appropriately calibrated and accompanied by impact assessments ('SME Test'). The Commission will be particularly attentive to the impact on lending to SMEs when proposing increased capital requirements for banks in 2011.

Improved and more efficient loan guarantee schemes are essential for SMEs which do not always have collateral. This is the case in particular for those borrowing small amounts, as improved provision of microcredit can boost entrepreneurship at national and regional levels. To this end the Commission has launched the Progress Microfinance Facility²² and is working on encouraging the exchange of good practices in microfinance, promoting training and offering support for microfinance institutions, notably in the framework of JASMINE²³, supporting the drafting of a code of good conduct²⁴. It is important that all banks, irrespective of their size, can have access to all EU financial instruments. Furthermore, banks could be encouraged to develop specific creditworthiness criteria for SMEs, taking into account, for example, qualitative criteria.

The market deficiencies in venture capital require that the supply of venture capital is increased and that there are high quality firms with growth potential in which to invest. To improve entrepreneurs' ability to address investor concerns and to be ready for investment, existing good training practices across Europe should be spread more widely. Furthermore, there is a need to establish quality criteria at European level for good investment readiness programmes, to help entrepreneurs to choose the right programme.

There is also a need to make investors more aware of the opportunities offered by the development prospects of listed SMEs, to create the conditions for an efficient network of stock exchanges or specific regulated markets focussing on SMEs, as well as to make listing and disclosure requirements more adapted to SMEs.

The Commission will adopt an action plan for improving SMEs' access to finance, including access to venture capital, capital markets and will try to improve matching of offers and requests of venture capital, within the Enterprise Europe Network.

EU financial support

The Commission considers that financial instruments should play an increasing role in facilitating SMEs' access to finance and, at the same time, provide important leverage for the capital available for lending. As part of its overall proposal on the post-2013 Multiannual Financial Framework, the Commission will propose streamlining and enhancing the existing set of innovative financial instruments that includes the SME Guarantee Facility and the RSFF²⁵ to help SMEs to invest and grow. The Commission will be particularly attentive to ensure that the future financial instruments of the EU I play a key role in ensuring that market deficiencies affecting SMEs are correctly addressed.

²² <http://ec.europa.eu/social/main.jsp?langId=en&catId=836>

²³ Joint Action to support Microfinance Institutions in Europe.

²⁴ <http://ec.europa.eu/social/main.jsp?langId=en&catId=836> and

http://ec.europa.eu/enterprise/policies/finance/borrowing/microcredit/index_en.htm

²⁵ Risk Sharing Financial Facility, <http://www.eib.org/products/loans/special/rsff/index.htm?lang=en>

Moreover, regulatory deficiencies will also be addressed by making an efficient single European market for venture capital funds a reality, looking at all the elements that hinder the smooth functioning of the venture capital fund market and hamper growth, and ensuring appropriate protection of retail investors, where relevant.

The European Council's call in February 2011 for simplification of EU instruments in support of research and innovation aims to facilitate the take-up of these instruments by innovative companies, in particular by finding a new balance between trust and control. The European Council calls for an assessment of how best to meet the needs of fast-growing innovative companies through a market-based approach. In this connection, the Commission was also invited to explore the feasibility of a Small Business Innovation Research Scheme. Public procurement should be better geared towards creating greater demand for innovative goods and services, and intellectual property rights should be better valorised as outlined in the Innovation Union flagship.

The Commission will strengthen its actions to facilitate SMEs' access to EU funding programmes. It will continue to follow up the effective allocation of the Cohesion policy budget for business support, especially the part directly targeted to SMEs²⁶. It will also continue to launch SME-dedicated calls in the current Research Framework Programme and to provide improved user support. The Commission is also considering proposing a Common Strategic Framework covering all current Research and Innovation programmes and initiatives, which would benefit in particular SMEs by offering lighter administrative and financial rules, a set of streamlined instruments for SMEs covering the full innovation chain in a seamless manner, and a one-stop-shop for advice and support.

The ongoing simplification of the Financial Regulation²⁷ should also have a positive impact on SMEs' access to and participation in Union financing.

The Commission will:

- within a streamlined and enhanced set of financial instruments, aim to help a higher number of beneficiary SMEs through strengthened loan guarantee schemes that will support investments, growth, innovation and research;
- make EU funding programmes more accessible to SMEs by further simplifying procedures;
- adopt in 2011 an action plan for improving SMEs' access to finance, including access to venture capital markets, as well as targeted measures aimed at making investors more aware of the opportunities offered by SMEs;
- consider adopting a new legislative regime to ensure that by 2012 venture capital funds established in any Member State can function and invest freely in the EU;
- as requested by the European Council, explore options for setting up an intellectual

²⁶ The total planned allocation to business support in Cohesion Policy in the current programming period 2007-2013 is around € 55 billion of which € 27 billion is explicitly targeted at SMEs only and €28 billion is not related to business size.

²⁷ Proposal for the Regulation of the European Parliament and of the Council on the financial rules applicable to the annual budget of the Union COM(2010)815.

property rights valorisation instrument at the European level, in particular to ease SMEs' access to the knowledge market.

The Member States are invited to:

- facilitate SMEs' access to the Structural Funds by allowing SMEs to submit all data necessary for Structural Funds support only once;
- develop "credit ombudsman"-type solutions to further facilitate the dialogue between SMEs and credit institutions;
- ensure that inconsistencies in tax treatment do not lead to double taxation which would hamper cross-border venture capital investments;
- create one-stop-shops where SMEs can apply for European, national and local grants.

3.3. Providing a broad-based approach to enhance market access for SMEs

The SBA invites the Commission and the Member States to support and encourage SMEs to benefit from the Single Market, including the digital Single Market and the growth of markets outside the EU while facing the challenge of a sustainable economy. Moreover, the Europe 2020 strategy sets out several actions to improve the EU's competitiveness vis-à-vis its main trading partners, notably through establishing an industrial policy for the globalisation era and a renewed trade strategy²⁸, and to promote a resource-efficient Europe. Finally, the Communication "Towards a Single Market Act"²⁹ sets ambitious objectives to improve the Single Market and presents a comprehensive package of measures.

3.3.1. Making the most of the Single Market for SMEs

Despite considerable progress in helping SMEs to benefit from the Single Market, they still remain cautious in engaging in cross-border activities for various reasons. Making cross-border payments is often perceived as costly and burdensome, as are the available instruments to resolve possible conflicts with customers, in particular in e-commerce. Facilitating the recovery of cross-border debts is crucial for a well-functioning Single Market. Given that over 60% of cross-border debt remains unrecovered, the Commission will bring forward measures to facilitate cross-border debt recovery³⁰.

It is also necessary to further facilitate SMEs' access to public procurement which represents 17% of the EU GDP, notably through further simplification³¹. SMEs' access to standards and the representation of their interests represented in the standardisation process is improving albeit slowly. The process could still be improved to ensure, among other things, a balanced stakeholder participation in the standardisation process. Differences in company law, contract law and tax systems may create difficulties and generate costs to the extent that they discourage entrepreneurs from expanding their business to other Member States. Therefore,

²⁸ Communication "Trade, Growth and World Affairs", COM(2010)612, 9.11.2010

²⁹ http://ec.europa.eu/internal_market/smact/index_en.htm

³⁰ SEC(2005)433, Annex to COM(2010)135 final.

³¹ See Green Paper on the modernisation of EU public procurement: http://ec.europa.eu/internal_market/publicprocurement/modernising_rules/consultations/index_en.htm

the Commission will propose a single set of rules for computing the corporate tax base across the EU to make it simpler for SMEs to expand their activities within the Single Market. Initiatives relating to the functioning of VAT will also be designed to limit the administrative burden on businesses and to promote cross-border activity. Moreover, SMEs often face unfair contractual terms and practices imposed by various players in the supply chain.

The Commission is taking action to ensure that optimal conditions exist for SMEs to engage in cross-border trade, including via the internet. The Single Euro Payments Area (SEPA) will allow SMEs to benefit from simpler payment arrangements with reduced costs and no need to use more than one bank account within the Single Market³². SEPA also provides a platform for the development of pan-European e-invoicing and its mass adoption by SMEs. The Commission has also emphasised in its 'Digital Agenda' the potential of online business, with a specific target of 33% of SMEs conducting online purchases/sales by 2015. Moreover, to promote cheap, simple and quick redress and thus offer an efficient alternative to more costly and lengthy court proceedings, the Commission is currently preparing a legislative proposal to promote Alternative Dispute Resolution (ADR) schemes in the EU, including the possible development of an EU-wide online dispute resolution system for e-commerce transactions covering both B2B and B2C situations.

The Commission will carry out an in depth analysis of the unfair commercial practices and contractual clauses in the business to business environment in the Single Market and table a legislative proposal if needed in order to protect businesses against unfair contractual terms. Moreover, the Commission will issue a Communication on the Directive on Misleading and Comparative Advertising³³ to look into problems SMEs often face such as directory scams. The Commission will also work towards ensuring that SMEs in economically dependent situations will be protected against unfair commercial practices and have the possibility of seeking effective redress against such practices, wherever they are applied within supply chains.

EU law and policies recognise the importance of guaranteeing adequate consumer information on the manufacturing process, including the manufacturer and the origin of products marketed in the Single Market³⁴. Special attention is given to the respect of standards governing workers' health and safety, ensuring the hygiene and safety of products, and to rules protecting the environment. While legislative initiatives aimed at improving the regulatory framework are being discussed at the Parliament and the Council with the support of the Commission³⁵, SMEs should be better informed about how they can use existing EU legal instruments to protect their legitimate interests against unfair commercial practices and misleading information.

SMEs are regularly harmed by anti-competitive practices, such as cartels or abuse of dominant position. To look at the options so that SMEs can effectively exercise their right to

³² http://ec.europa.eu/internal_market/payments/sepa/

³³ Directive 2006/114/EC

³⁴ Information about the origin or place of provenance of goods is covered by two legislative initiatives currently under discussion: the proposal for a Regulation concerning the provision of food information to consumers and the "Quality Package", COM(2010)738.

³⁵ Proposal for a Council Regulation on the indication of the country of origin of certain products imported from third countries (COM(2005)661) and Proposal for a Regulation of the European Parliament and of the Council on textile names and related labelling of textile products (COM(2009)31).

full compensation for such kind of damage, the Commission has launched a public consultation on a coherent European approach to collective redress.

Finally, a considerable amount of Single Market-related information and advice for businesses is made available through EU information services (such as the Enterprise Europe Network, European Small Business Portal, SOLVIT, Your Europe - Business Portal) and national websites. This allows SMEs to access information in their own language. At the same time, the Member States should promote the Commission's information services and ensure an increased coordination between the Commission's and national information tools.

The Commission will:

- carry out an in-depth analysis of unfair commercial practices in the European Union and table a legislative proposal, if needed;
- present tax initiatives, such as a legislative proposal for a Common Consolidated Corporate Tax Base (CCCTB) and a new VAT strategy aiming notably at reducing tax obstacles and administrative burdens for SMEs in the Single Market;
- undertake a revision of the European standardisation system in 2011;
- prepare a guidance document explaining the rules on labelling of origin and inform SMEs of the means available to them to protect their legitimate interests;
- propose an instrument of European Contract Law responding to the needs of SMEs seeking to enter new markets;
- set up a uniform procedure to facilitate cross-border debt recovery by enabling a creditor to preserve money held by his debtor in a bank account in another Member State.

The Member States are invited to:

- fully implement the 'European Code of Best Practices facilitating SMEs' access to public procurement';
- promote the online publication of easily accessible and free-of-charge abstracts of European standards with a clear indication of changes made whenever standards are revised.

The Commission will, and the Member States are invited to:

- together strive to enhance electronic interoperability in the Internal Market, in particular delivering on the Single Market Act's proposal for a decision by 2012 to ensure mutual recognition of e-identification and e-authentication across the EU and the revision in 2011 of the Directive on electronic signatures.

3.3.2. *Helping SMEs to face globalised markets*

Globalised markets offer new business opportunities to EU SMEs. According to a recent study³⁶, they are more internationally active than their counterparts in the USA and Japan: 25% of EU SMEs export or have exported at some point during the last 3 years, of which 13% exported outside the EU Single Market. At the same time, the study points to a huge untapped market potential, in particular in the BRIC countries³⁷ which are estimated to account for about 60% of world GDP by 2030. At present, these markets are only served by 7% to 10% of exporting EU SMEs.

To be able to successfully access third-country markets, SMEs must be equipped with proper skills, be supported by an appropriate policy framework enabling them to acquire a competitive advantage, and have a level playing field when it comes to tackling obstacles such as foreign regulatory frameworks and non-tariff barriers³⁸. The Commission is considering a number of options including market access assistance and guidance on regulatory issues, standardisation and conformity assessment. This takes into account the services provided by existing business organizations, the Enterprise Europe Network as well as the EU Business and Technology Centre in India and the EU SME Centre in China. In parallel, SMEs benefit from actions undertaken in the context of the Market Access Strategy, such as the Market Access Database or the work of over 30 Market Access Teams in key export markets who bring together the local expertise of representatives of EU delegations, Member States' embassies and EU business with the aim of improving European companies' access to these markets³⁹.

The Commission is keen to promote new forms of collaboration among companies, including between businesses located in different regions or countries. This represents of a new model of collaboration through clusters and business networks, which enable enterprises to join forces and will stimulate a coherent and coordinated approach to achieve a common objective without losing their independence. The Commission will carry out a study on how the European level can best support this kind of collaboration.

In addition, in early 2011 the Commission will launch new actions in support of world-class clusters to promote international cluster activities, excellence in cluster management and the extension of the European Cluster Observatory.

As part of the EU's international agenda, the Commission will promote areas of particular interests for SMEs in its bilateral and multilateral co-operation with third countries, e.g. trade facilitation, as well as the integration of the SBA principles in relevant Agreements and related monitoring and coordination mechanisms. Moreover, it will pursue efforts to eliminate non-tariff barriers and restrictions on access to raw materials by using the available tools of

³⁶ http://ec.europa.eu/enterprise/policies/sme/market-access/internationalisation/index_en.htm

³⁷ Brazil, Russia, India and China.

³⁸ A study commissioned by the Commission identifies specific problems encountered by various types of SMEs when involved in Trade Defence Investigations, including lack of transparency and difficulties in accessing information and proposes possible solutions to them. The Member States are currently discussing the findings of this study in order to decide on follow-up actions. For further information, please see DG Trade website: <http://ec.europa.eu/trade/tackling-unfair-trade/tradedefence/information-for-business/sme/>

³⁹ <http://ec.europa.eu/trade/creating-opportunities/trade-topics/market-access/export-from-eu/>

trade policy. This will also contribute to further open up sectors that are still largely inaccessible to SMEs like services and public procurement markets, and help to enforce IPR.

The Commission will:

- present in 2011 a new strategy on the support of EU SMEs in markets outside the European Union and a strategy for globally competitive clusters and networks⁴⁰ with a specific focus on analysing the role played by them in improving SMEs' competitiveness;
- address problems of SMEs with regard to the use of the EU Trade Defence Instruments (TDI) by increasing information on and assistance in using these instruments;
- pursue systematic efforts to eliminate non-tariff barriers in Free Trade Agreements and facilitate SMEs' access to third country markets and help to enforce IPR, in line with the renewed trade policy.

The Member States are invited to:

- provide support to SME network-building, in accordance with Community State Aid and competition rules;
- encourage SMEs to hire or buy in specialist expertise in order to help companies to grow, innovate and go international.

3.3.3. *Helping SMEs to contribute to a resource-efficient economy*

The Commission has taken action to raise SMEs' awareness of environmental and energy-related issues and has provided support to assist them in implementing legislation, assessing their environmental and energy performance and upgrading skills and qualifications. While these actions need to be reinforced, Europe 2020 shifted the focus to helping SMEs become key players in transitioning to resource-efficient growth. Whilst SMEs have some market incentives to optimise their resource use, in many cases the market signals are not easy to identify or interpret and SMEs face challenges of limited information, time and human and financial resources. To overcome this they need the availability of appropriate funding, including through regional business support programmes, timely information, and concrete assistance provided by business support organisations such as the chambers of commerce and consulting services. Developing incentives to encourage energy and resource audits can promote this transition.

Market-based instruments can also be used to encourage behaviour leading to resource efficiency, so benefiting job creation and economic growth.

The Commission will set up a specific framework to allow SMEs to take up the challenge of a resource-efficient economy and to reap the potential. In particular the Commission will:

- implement the new Energy Efficiency Plan, and move towards an Eco-innovation Action Plan that pays special attention to SMEs in promoting networking, low carbon technologies and resource efficient innovation;

⁴⁰ Commission Communication "An Integrated Industrial Policy for the Globalization Era Putting Competitiveness and Sustainability at Centre Stage", COM (2010) 614.

- further develop the specific action on environmental and energy experts within the Enterprise Europe Network, whereby specific knowledge transfer on the state of the art methodologies and best practices will be transferred from regions that have advanced experience to those lagging behind;
- the Enterprise Europe Network will support SMEs in marketing products and services resulting from best practices, in particular low carbon technologies;
- SME Panels and the SME feedback database of the Enterprise Europe Network will be used to help to improve the quality of environmental legislation, including its implementation.

The Member States are invited to:

- make better use of State Aid possibilities to support investment in the environment and energy fields;
- help SMEs acquire the necessary managerial and technical skills to adapt their business towards the low carbon, resource efficient economy, *inter alia* through the European Social Fund;
- provide regulatory incentives to SMEs registered with the Eco-Management and Audit Scheme (EMAS) and with ISO 14.000 and take measures to encourage micro and small enterprises to take advantage of simplified EMAS-type schemes, such as “EMAS-EASY”.

3.4. Promoting entrepreneurship, job creation and inclusive growth

SMEs are the leading job creators in the EU but due to the economic crisis some 3.25 million jobs in SMEs have been lost.

In the current situation, the Member States must further simplify administrative requirements and the procedures to wind up a failing business. Moreover, about one third of business failures occur in the context of a business transfer. Therefore it is essential to improve the framework conditions for business transfers as over the next decade up to 500,000 businesses providing 2 million jobs will have to be transferred every year⁴¹. The Commission will present a set of policy recommendations in 2011 based on a study measuring the size of the bankruptcy and second chance problem.

As part of the Flagship initiative "An Agenda for New skills and jobs"⁴², the Commission will assess future skills needs in micro and craft (-type) enterprises. Moreover, the "Youth on the Move" initiative⁴³ puts the accent on training to ensure that education systems truly provide the right skills to start and manage an SME.

Too few innovative EU SMEs grow into large, globally successful companies. The remaining barriers for entrepreneurs to "bring ideas to market" must be removed using a wide range of policy measures based on a broad concept of innovation in products and services which includes any change that speeds up and improves the way businesses conceive, develop, produce and market new products and services as set out in the Innovation Union

⁴¹ http://ec.europa.eu/enterprise/policies/sme/documents/transfers/index_en.htm

⁴² COM(2010) 682 final.

⁴³ COM(2010) 477 final.

Communication⁴⁴. The Commission will explore the feasibility of monitoring the innovation performance of micro-enterprises, and propose an integrated framework for the development and promotion of e-skills for innovation and competitiveness, with special attention to small enterprises, start-ups and gazelles.

There are also SMEs which follow business models different from the traditional capital-based companies. This category, known as the “social economy”, includes non profit associations, foundations, co-operatives, mutual societies and similar legal forms. In order to respond to the particular needs of these undertakings, the Commission announced in the Single Market Act a number of actions that will provide a level playing field. These actions would address issues related to cooperatives, foundations and mutuals on the one hand and enterprises pursuing social objectives on the other.

The Commission will:

- create mentoring schemes for female entrepreneurs in at least 10 EU countries to provide advice and support with the start up, functioning and growth of their enterprises;
- identify best practices to support business transfers and launch a campaign to promote these practices;
- adopt, by the end of 2011, a Social Business Initiative focusing on enterprises pursuing social objectives.

The Member States are invited to:

- implement the recommendation set out in the SBA Action Plan to reduce the start-up time for new enterprises to 3 working days and the cost to €100 by 2012; reduce the time needed to get licences and permits (including environmental permits) to take up and perform the specific activity of an enterprise to one month by the end of 2013;
- implement the recommendation set out in the SBA Action Plan to promote second chances for entrepreneurs by limiting the discharge time and debt settlement for an honest entrepreneur after bankruptcy to a maximum of three years by 2013;
- develop user-friendly and widely supported marketplaces and databases for transferrable businesses and provide training and support to increase the number of successful business transfers, including communication campaigns to raise awareness of the need for early preparation of business transfers.

4. STRENGTHENING THE GOVERNANCE OF THE SBA TO DELIVER TANGIBLE RESULTS

Strong governance is the key to successful implementation of the SBA.

To assess progress the Commission will collect information on Member States’ actions and issue annual reports on the competitiveness of the EU Member States, based on article 173 of the Lisbon Treaty. The monitoring of Member States’ competitiveness policies will provide

⁴⁴ http://ec.europa.eu/research/innovation-union/index_en.cfm

the basis for peer reviews and exchange of good practices. The Commission will report to the Council on progress in implementing the SBA.

Stakeholders' involvement will be strengthened and SME stakeholders are invited to engage actively in the implementation of the SBA, including through provision of regular input on the implementation of the SBA actions.

The Commission will:

- set up an SBA Advisory Group composed of representatives of governments and business organizations to contribute to evaluating and reporting on the uptake of the SBA, to step up efforts to disseminate widely information on SME-policy actions and to promote the exchange of good practices. In this context, it will further develop the SME Performance Review, focused notably on the measures in the SBA Action Plan, in order to monitor and assess Member States' performance in implementing the SBA on the basis of a wide range of success indicators;
- propose launching an annual SME Assembly closely linked to the SBA good practices conference in order to mobilise all relevant stakeholders in the implementation of the SBA and to foster dialogue between them.

Member States and, where relevant, regional and local authorities, are invited to:

- set up, in coordination with representatives of business organizations, national and local SBA implementation plans backed up by a strong monitoring mechanism as well as a body in charge of coordinating SME issues across different administrations ("SME Envoy"), provided with adequate human resources and having a high standing within the administration itself.

5. NEXT STEPS

To ensure full implementation of the SBA and to respond to the current challenges SMEs are facing, the Commission is determined to continue to give priority to SMEs and to take into account their specific characteristics in its proposals and programmes. Improving the awareness and visibility of actions with national and regional policy makers and other stakeholders will be instrumental in ensuring that the SBA is implemented close to entrepreneurs. The SME Envoy will be mandated with the task of monitoring the progress of the Member States in the implementation of the SBA and will regularly inform the SME Assembly. The Member States are invited to fully implement the updated SBA. This invitation is equally relevant for the candidate countries and potential candidates.

ANNEX

SBA Review

Examples of some good practices implementing the 10 principles of the SBA

Please note that this Annex does not constitute a comprehensive assessment of Member States' policies and should be regarded as a **supplement** to available European or national publications on SME policies.

Principle 1: Promoting entrepreneurship	<p>Many Member States have introduced <u>entrepreneurship programmes</u> to foster the entrepreneurial attitudes and skills of young people and to make them aware of the possibility of starting a business, either by integrating entrepreneurship into <u>school and university curricula</u> or by setting up extra projects⁴⁵.</p> <p>In some countries entrepreneurship education is the object of a coherent national strategy (Denmark, the Netherlands, Sweden and the UK), while other countries are moving in the same direction (Austria, Portugal). In Latvia, hundreds of students can submit business plans annually in the context of a competition. The Netherlands established a programme for young entrepreneurs to do networking in the USA.</p> <p>Some countries are involved in national or European programmes encouraging <u>female entrepreneurship</u> (Cyprus, Denmark, Greece, Finland, France, Germany, Iceland⁴⁶, Ireland, Italy, Norway⁴⁷, Poland, Slovakia and Sweden). Several Member States use considerable amounts provided by the Structural Funds for these programmes.</p> <p><u>Other good practice examples</u>⁴⁸</p> <p>Austria: A “Succession exchange” (launched in 2008) is facilitating the transfer of businesses. Support services and an electronic platform are provided for matchmaking entrepreneurs intending to transfer a firm and entrepreneurs looking to take over a firm.</p> <p>France: The “Auto-entrepreneur” statute (2009) allows any citizen (unemployed, employed, officials, pensioners) to easily set up a business and benefit from a number of tax exemptions during the 3 first years. More than 500.000 “auto-entrepreneurs” have</p>
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⁴⁵ http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/files/member_states_competitiveness_performance_and_policies_en.pdf

⁴⁶ Iceland and Norway are among the non EU member States that implement the SBA and benefit from the Competitiveness and Innovation Programme.

⁴⁷ See footnote 2.

⁴⁸ http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm (see SBA country fact sheets 2009, section 5 on Good Practice.

been created between January 2009 and June 2010.

Romania: The “Start” programme aims to develop entrepreneurial skills among young people (18-35 years old) and supporting start-ups. (Budget: EUR 21.2 million in 2009, including EUR 19 million for grants and 2.1 for financing the implementing agency).

Sweden: The national programme to promote women’s entrepreneurship (2007-2010) provides support services and mentoring to start-ups run by women. A national network of women ambassadors was set up and in 2009 inspired the creation of the European Network of Female Entrepreneurship Ambassadors.

Principle 2: Second chance

Only five Member States (**Belgium, Finland, Ireland, Spain and the United Kingdom**) comply with the recommendation⁴⁹ to complete all legal procedures to wind up a business in the case of non-fraudulent bankruptcy within a year.

Other good practice examples⁵⁰

Belgium: Law on the continuity of enterprises (2009), providing a moratorium for companies facing financial difficulties in order to prevent a situation of insolvency and pre-bankruptcy.

Estonia: The Reorganisation Act adopted in 2008 created an alternative to bankruptcy proceedings that enable companies to survive in case of temporary solvency problems.

Latvia: a new Insolvency Law entered into force in 2010 making insolvency procedures simpler and faster, ensuring stabilisation of the financial sector and reducing the level of debt in the private sector.

Principle 3: Think Small First

Only a few Member States (**Belgium, Denmark, Finland, Luxembourg, Germany, Poland, Slovenia, Sweden and the United Kingdom**) have integrated an SME Test into their national decision making approach.

The Netherlands is an interesting example of successful reduction of administrative burden; the Dutch model⁵¹ has been replicated in other countries.

⁴⁹ http://ec.europa.eu/enterprise/policies/sme/files/docs/sba/sba_action_plan_en.pdf

⁵⁰ http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm (see SBA country fact sheets 2009, section 5 on Good Practice).

	<p><u>Other good practice examples</u></p> <p>Germany: 23 bureaucratic procedures were simplified in 2009, as part of the Third Act on reduction of bureaucratic barriers for SMEs⁵².</p> <p>Italy: In April 2010, the government adopted a recommendation to implement the SBA in Italy and set up a permanent working group gathering Ministries, Chambers, Business Organisations, Regions and an Italian member of the European Economic and Social Committee to monitor the implementation of the SBA and propose initiatives in this context. An annual report on the implementation of the SBA is drafted and published on the internet⁵³.</p>
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<p>Principle 4: Responsive administrations</p>	<p><u>Good practice examples</u>⁵⁴</p> <p>Czech Republic: "The Data box" (2009) aims at simplifying data transfer and communication between businesses and administrations.</p> <p>Hungary: The administration provides one-stop shops for registering a company with simplified and electronic procedures (since 2008, electronic procedures are compulsory and the time required to set up a business has been reduced to one hour).</p> <p>Portugal: The "Simplex" programme aims at simplifying administrative processes, procedures and practices. Since 2009, public consultations are also made via a public blog.</p>
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⁵¹ http://ec.europa.eu/enterprise/policies/better-regulation/administrative-burdens/action-programme/index_en.htm#h2-5 & and

⁵² http://english.minlnv.nl/portal/page?_pageid=116,4093799&_dad=portal&_schema=PORTAL
http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm (see SBA country fact sheets 2009, section 5 on Good Practice.

⁵³ http://www.sviluppoeconomico.gov.it/pdf_upload/documenti/Rapportosba2010DEF.pdf and
http://www.sviluppoeconomico.gov.it/primopiano/dettaglio_primopiano.php?sezione=primopiano&tema_dir=tema2&id_primopiano=718

⁵⁴ http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm (see SBA country fact sheets 2009, section 5 on Good Practice.

<p>Principle 5: Access to public procurement</p>	<p>Only a few countries have started to promote the <u>European Code of Best Practices</u> in order to facilitate SMEs' access to public procurement (Austria, France, Germany, Ireland, Poland, Portugal, Sweden and the United Kingdom). The most widespread SME friendly measures remain cutting tenders into lots and facilitating access to information through centralised websites, interactive web pages, and other e-procurement developments.</p> <p><u>Other good practice example</u>⁵⁵</p> <p>United Kingdom: The "Supply2.gov.uk" government web portal advertises public sector contracts and provides access to government opportunities. In 2008, the Office of Government Commerce published 12 recommendations to reduce the barriers SMEs face when competing for public sector contracts.</p>
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<p>Principle 6: Access to finance</p>	<p><u>Good practice examples</u>⁵⁶</p> <p>Most Member States have adopted policy measures to facilitate SMEs' access to finance through public support to <u>guarantee schemes</u> (Belgium, Cyprus, Czech Republic, Estonia, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and the United Kingdom) or <u>microcredit</u> co-funding (Austria, Germany, Hungary, Ireland, Latvia, Lithuania, Slovakia and Sweden). Several Member States have also taken measures to increase <u>riskcapital</u> (Czech Republic, Denmark, Germany, Ireland, Luxembourg, Poland, Slovakia, Sweden and the United Kingdom). It is also worth mentioning that Belgium, Hungary, France, Ireland and more recently Finland have created a "<u>credit ombudsman</u>".</p> <p>A few Member States have taken action to tackle late payments, anticipating the recast of the late payments Directive and, in some cases, going beyond its scope (Belgium, France, Germany, Portugal and the United Kingdom). In 2010, Spain adopted a new law setting a 30-day term for public payments and a 60-day term for business-to-business payments.</p>
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⁵⁵ http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm (see SBA country fact sheets 2009, section 5 on Good Practice.

⁵⁶ http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm (see SBA country fact sheets 2009, section 5 on Good Practice.

Principle 7: Single Market	22 Member States have set up operational one-stop shops (points of single contact) ⁵⁷ . They allow service providers to deal with their administrative formalities electronically when they want to do business across Europe. 15 of them provide a website in English in addition to their national language(s) (Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Italy, Lithuania, the Netherlands, Portugal, Spain and Sweden).
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Principle 8: Skills and Innovation	<p>Several Member States provide <u>funding to young innovative companies</u> through notably seed capital and venture capital (Austria, Belgium, Czech Republic, Finland, Germany, Greece, Hungary, Spain, Sweden and the United Kingdom). Others provide financial support to <u>innovation centres or competitiveness poles</u> linking Universities, research centres and businesses (Austria, Belgium, Czech Republic, Germany, France, Ireland, Italy and the United Kingdom). "<u>Innovation vouchers</u>" allowing SMEs to buy innovative consulting services and know-how, have become widespread (Austria, Greece, Ireland, the Netherland, Portugal, Slovenia and the United Kingdom)⁵⁸.</p> <p><u>Other good practice example</u></p> <p>Italy: In order to encourage the networking of innovative SMEs, a law was adopted in July 2010 regulating companies' networks and providing those networks with fiscal, administrative and financial incentives⁵⁹.</p>
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Principle 9: Turning environmental challenges into opportunities	<p>In order to help SMEs upgrade or replace equipment with energy efficient alternatives, several Member States provide energy efficiency funding through favourable loan conditions or direct subsidies (Belgium, Bulgaria, Cyprus, France, Germany Malta, Portugal, Slovenia and the United Kingdom). Some also support SMEs developing business opportunities on green markets (Bulgaria, Czech Republic, Germany and Slovakia). Member States also provide consulting services for SMEs to inform them and raise awareness of energy efficiency cost-saving and business opportunities (Austria, Belgium, Bulgaria, Germany, Hungary, Spain, Sweden and the United Kingdom)⁶⁰.</p>
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⁵⁷ http://ec.europa.eu/internal_market/eu-go/

⁵⁸ "SMEs, Entrepreneurship and Innovation" OECD Studies on SMEs and Entrepreneurship, 2010

⁵⁹ http://www.urp.it/allegati/Legge_2010_122.pdf (Article 42).

⁶⁰ http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm (see SBA country fact sheets 2009, section 5 on Good Practice.

	<p><u>Other good practice examples</u> ⁶¹</p> <p>Denmark: Through the Business Innovation Fund (EUR 100 million for 2010-2012) created in 2009, the Danish Ministry of Economic and Business Affairs supports business opportunities in green markets.</p> <p>The Netherlands: The Foundation for Knowledge and Innovation in Energy and Environmental Technology (set up in 2008) is a network of 160 companies, knowledge institutes and regional and local governments, co-financing projects delivering eco-products and technologies (e.g. smart solar applications, smart grids, etc.).</p>
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<p>Principle 10: Support to internationalisation</p>	<p>Several governments support the internationalisation of SMEs, e.g. by financial support for export promotion, market access strategies and participation in trade fairs (Cyprus, Czech Republic, Denmark, Estonia, France, Ireland, Italy, Latvia, Lithuania, Malta, the Netherlands, Poland, Portugal, the Slovak Republic, Spain, Sweden and the United Kingdom) Some of them (Denmark, Slovenia) focus on high-growth companies willing to internationalise; some others have established new export promotion agencies (Luxembourg) or new support programmes (Hungary). A mentoring scheme whereby big companies support the internationalisation of SMEs, is also being piloted (France)⁶².</p>
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⁶¹ Source: SBA: Database of good practices <http://ec.europa.eu/enterprise/policies/sme/best-practices/database/SBA/index.cfm?fuseaction=welcome.detail>

⁶² http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm (see SBA country fact sheets 2009, section 5 on Good Practice.