

Screening of Chapter 20

SME and Enterprise policies

Turkey and Croatia

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Promotion of SMEs' Competitiveness

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Method and Objectives

Method

- Coordination(Art.157 Treaty)
- Benchmarking

Objectives

- Promote entrepreneurship
- Enhance growth and competitiveness of SMEs
- Improve administrative and regulatory environment for SMEs
- Improve financial environment
- Facilitate access to Community support services and networks



Coordination of SME policy

- Transversal nature of SME policy
- Regular reports on EU activities for SMEs
- SME Envoy



SME Envoy

- Monitoring of policies affecting SMEs
- Regular dialogue with the SME community, both at national and EU level :
 - * information to SMEs
 - * obtain their feedback on EU legislation, programmes and policies
- Highlight SME concerns to relevant Commission services



Administrative Simplification for SMEs

- Modernisation of the organisation of the interface between administrations and SMEs
- Improvement of procedures (ex. taxation, social affairs and statistics)
- More understandable information for SMEs
- Special simplified administrative implementing measures for SMEs
- One-Stop Shops
- Impact Assessment



Transfer of businesses

- Latest Communication 14/03/2006:
'Transfer of businesses-Continuity through a new beginning'
- Provide adequate financial conditions
- Raise awareness and support mentoring
- Organise transparent markets for business transfers
- Ensure that tax systems are transfer-friendly



Entrepreneurship

2004 /The Entrepreneurship Action Plan

- Fuelling entrepreneurial mindsets
- Encouraging more people to become entrepreneurs
- Gearing entrepreneurs for growth and competitiveness
- Improving the flow of finance
- Creating a more SME-friendly regulatory and administrative framework



Entrepreneurship Education and Learning

- Communication 13/02/2006 : ‘Fostering entrepreneurial mindsets through education and learning’
- Entrepreneurship in school education
- Entrepreneurship in higher education
- Recommendations
 - Cooperation between different departments
 - Practical support and incentives
 - Training teachers
 - Participation by external actors and businesses.
 - Public authorities’ support



European Charter for Small Enterprises

- The Charter of June 2000 commits Member States and the Commission to improve the environment for small enterprises
- Candidate countries endorsed the Charter in 2002
- Western Balkans endorsed the Charter in 2003
- 10 action lines
- Annual implementation reports



I. Charter Action Lines

- Education and training for entrepreneurship
- Cheaper and faster start-up
- Better legislation and regulation
- Availability of skills
- Improving online access
- More out of the Single Market



II. Charter Action Lines

- Taxation and financial matters
- Strengthen the technological capacity of small enterprises
- Successful e-business models and top-class small business support
- Develop stronger and more effective representation of small enterprises' interests at Union and national level



Improvement of SMEs' competitiveness

I. Examples of BEST Projets:

- * Go Digital
- * E- economy
- * Benchmarking the administration of start-ups & the management of incubators
- * Clusters and networking



II. Examples of BEST Projets

- * Entrepreneurship amongst women
- * Mini companies in secondary education
- * Consultation of stakeholders in policy making
- * Obstacles to growth : recruiting the first employee
- * Guarantees and mutual guarantee mechanism



I. The Euro Info Centre Network

EICs operate in partnership with local, regional and national organisations which enjoy a privileged partnership with the European Commission

- Information, advice and assistance to SMEs on Community matters
- Provision of feedback to the European Commission about Community matters affecting SMEs



II. The Euro Info Centre Network

- Promotion of business cooperation through network effect
- 300 EICs in 39 countries: European Union, Norway, Iceland, CEECs and the Mediterranean
- EIC Enlargement campaign : 400 activities in 26 countries



A modern policy for SMEs

- Communication 10/11/2005: Modern SME policy for growth and employment
- Promoting entrepreneurship and skills.
- Improving SMEs' access to markets.
- Cutting red tape.
- Improving SMEs growth potential.
- Strengthening dialogue and consultation with SME stakeholders.



I. What actions do we propose?

- Promoting entrepreneurship and skills
 - Community Action Programme in the field of Lifelong Learning
- Improving SMEs' access to markets
 - Organisation of match-making events and cross-border projects
 - EU Market Access Strategy
- Cutting red tape
 - Ensure the SME dimension in impact assessment
 - Promote SMEs' participation in Community programmes



II. What actions do we propose?

- Improving SMEs' growth potential
 - Increase the Community financial support within Competitiveness and Innovation Programme
 - Associate SMEs to the Europe INNOVA initiative
- Strengthening dialogue and consultation with stakeholders
 - Launch and first ceremony of European Enterprise Awards
 - SME Panel to improve consultation
 - Launch a SME feedback mechanism



SMEs in the Partnership for growth and jobs

- Annual Progress Report on the Lisbon Strategy (25/01/2006)

Freeing up SME's and unlocking business potential

- A “one-stop shop” by 2007.
- Average time for setting up a business cut by half by the end of 2007.
- Entrepreneurship education provided as part of the school curriculum.
- A system to properly measure administrative burdens.



The new SME definition

- Entered into force on **1 January 2005**
- Recommendation 2003/361/EC
- Applies to all EU policies and programmes for SMEs
- MS are invited to apply it
- Taken over in the State aid field



The new SME definition

- Why a new SME definition?
 - to take account of **economic developments** (update thresholds)
 - to promote **micro enterprises**
 - to improve **access to capital**
 - to improve access to **R&D** and promote **innovation**
 - to improve legal certainty and ensure that support measures are granted **only** to SMEs that genuinely need them



The new SME definition

Enterprise category	Headcount	Annual turnover	Annual balance sheet
Medium	< 250	≤ € 50 million (in 1996: €40 M)	≤ € 43 million (in 1996: €27 M)
Small	< 50	≤ € 10 million (in 1996: €7 M)	≤ € 10 million (in 1996: €5 M)
Micro	< 10	≤ € 2 million (previously. not defined)	≤ € 2 million (previously. not defined)



The new SME definition

What is an “autonomous” enterprise?

- * totally independent enterprise or
- * holding **less than 25%** of capital or voting rights in one or more other enterprises (and vice versa) – Art. 3.1
- * Exceptions in case of certain investors (venture capital companies, business angels etc.) – Art. 3.2



The new SME definition

What are “partner” enterprises?

- * holding **equal** or **greater than 25%** of capital or voting rights in one or more other enterprises (and vice versa) – Art. 3.2
- * not classified as linked enterprise, i.e. voting rights in other enterprise do not exceed **50%**
- * Special case: no SME if 25% of capital or voting rights controlled by one or more public bodies – Art. 3.4



The new SME definition

What are “**linked**” enterprises?

(= enterprises which form a **GROUP**)

An enterprise is **LINKED** to another when it:

- * holds **a majority** of the shareholders' or members' voting rights
- * is entitled to appoint or remove a **majority** of management body
- * is able to exercise a **dominant influence** through contract/provision in the memorandum or articles of association



COOPERATIVES

The European Statute

- The ECS was adopted by the Council on 22 July 2003 and is composed of a Regulation on the creation of the ECS and of a Directive with rules on the participation of the workers in the decision-making process .
- The aim of the statute is to facilitate the development of the trans-national activities of the cooperatives.
- It is a measure applied in principle in a uniform way in all MS, with rules on creation, internal structure and management of ECS
- Optional instrument for cross-border cooperation.
- National legal instruments can still be used by the coops



COOPERATIVES

Legislation in Europe

- **Based on different national traditions, the legal forms used are close to those of the partnerships, closed companies and associations, or capital companies. Three categories of MS.**
- **Countries where co-operative legislation is anchored in the Constitution; Portugal and Italy: there is a specific law and a defined form .**
- **Countries with a general legal framework but no specific legal form (in France and Germany companies with share capital, in the United Kingdom "provident societies" , in the Netherlands the form of the non-profit-making associations and in Greece exist individual statutes according to the sector and the aims of the coop.**
- **States where there are no laws at all on the cooperatives and where the co-operative nature of the company results exclusively from its statute, Denmark.**



COOPERATIVES

Communication February 2004

Objectives

- **Policy orientation towards coops for the future.**
- It concentrates on three main issues
 - a. Promotion of the use of cooperatives across EU by improving the understanding of sector
 - b. Improvement of cooperatives' place in community policies.
 - c. Further improvement of coop legislation
- **A series of actions will be undertaken by the Commission, member States and cooperative organisations in order to exploit business potential.**

