



*European Economic and Social Committee*

**INT/832**  
**SME "think small first"**

## **OPINION**

European Economic and Social Committee

**Promoting SMEs in Europe with a special focus on a horizontal legislative SME approach and respect of the SBA's "think small first"**  
(Exploratory opinion)

Rapporteur: **Milena ANGELOVA**  
Co-rapporteur: **Panagiotis GKOFAS**

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Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Single Market, Production and Consumption
Adopted in section	18/12/2017
Adopted at plenary	17/01/2018
Plenary session No	531
Outcome of vote (for/against/abstentions)	240/5/8

## 1. **Conclusions and recommendations**

- 1.1 The European Economic and Social Committee (EESC) stresses that SMEs require special attention<sup>1</sup> and invites the European Commission (EC) to make the Small Business Act (SBA) and its principles legally binding. This must be accompanied by swift, carefully-designed, coordinated joint actions by the European Union (EU), the Member States (MS) – including at regional and local levels – and business associations, aimed at improving the situation for SMEs in real terms. All actors must be committed to implementing what they have jointly agreed and must shoulder their responsibility in the context of societal development and economic progress.
- 1.2 Closer involvement of social partners and representative SME organisations in the European Semester is needed, including consistent reporting and monitoring of the implementation and results of MS' partnership agreements. The EESC invites the EC and the Council to include implementation of the SBA as a permanent scrutiny exercise in the Semester and Annual Growth Survey, in close cooperation with the representative SME organisations.
- 1.3 The EESC calls for an inclusive, coherent, effective horizontal European SME policy which also takes into account the needs of all the different SME sub-groups, e.g. value-generating companies, micro, small, family and traditional companies as well as those operating in remote areas, the self-employed and crafts, and considers it essential to have a definition for each and every one of them<sup>2</sup>. The freedom to conduct business based on forms of economic democracy inherent in the EU social and market model – as recognised in the Charter of Fundamental Rights – must be effectively safeguarded and entrepreneurial spirit, culture and education must be enhanced in Europe.
- 1.4 The EESC recommends that the Bulgarian, Austrian and Romanian rotating Presidencies of the EU Council establish and operate a permanent inter-institutional joint "SMEs Advisory Group" with the SMEs' representative organisations. It should start its work by following up and reporting on specific 2014-2020 work plans concerning horizontal and cross-sector SME policies and programmes.
- 1.5 The EESC highlights the need to swiftly implement the specific proposals set out in this document and calls upon the EC, the European Parliament (EP) and the Council to take prompt steps to that end.

## 2. **Context and state of play**

- 2.1 In September 2017 the forthcoming Bulgarian Presidency of the Council of the EU requested an exploratory opinion on promoting SMEs in Europe with special focus on a horizontal legislative SME approach and respect for the SBA and "think small first" principle. The EESC very much appreciates this initiative, as it is in line with the numerous calls in EESC opinions to make the SBA and the principles it establishes legally binding.

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<sup>1</sup> Especially now, 35 years after the adoption by the EP of "the European Year of Craft businesses", 25 years after the launch of the Internal Market, 15 years after the euro's introduction.

<sup>2</sup> [OJ C318, 23.12.2009, p. 22](#); [OJ C 226, 16.7.2014, p. 10](#).

- 2.2 In June 2017 the EC published a Roadmap<sup>3</sup> to start consultations on the relevance and need to update the definition of SMEs. The initial reactions to it showed that a majority of the respondents – 18 out of 22 – find the definition outdated and call for it to be updated and adjusted<sup>4</sup>.
- 2.3 In 2011 the EC published a Review of the SBA for Europe<sup>5</sup> with the aim of speeding up its implementation<sup>6</sup>, and launched a public consultation in 2014 on how the SBA should be revised<sup>7</sup>, but it is a pity that no further policy actions were taken to follow this up. The SBA's annual progress is reviewed by the SME Envoy Network, but much work is needed to ensure that this information actually reaches SMEs and their representative organisations.
- 2.4 The EESC appreciates the focused efforts of the EC to implement the "think small first" principle, and especially the approach of taking care of SMEs' interests, as applied in REFIT and the Start-Up and Scale-Up Initiative<sup>8</sup>.

### 3. General remarks

- 3.1 The EESC regrets that progress in the real application of the "think small first" principle remains fragmented and far from being complete. This implementation delay is very dangerous because SMEs are currently facing more challenges than ever – harsh competition, shortage of skilled labour, new forms of work and of consumption, an increasingly complex and intense flow of information, limited resources for innovation, constant downgrading of the entrepreneur's role, volatile financial markets, complicated access to finance and high dependence on the external environment, limited bargaining power<sup>9</sup>. The SME situation is further aggravated by an overly complex process of technical standardisation, intellectual property and general data protection rules, market abuses by global actors, and impeded participation in EU/national public contracts and in global value chains. More efficient solutions should be designed, especially where the SMEs are negatively affected by structural problems and market failures.
- 3.2 Digitalisation and the technological developments it entails, including e-commerce, present not only valuable opportunities for SMEs but also pose important challenges, prompting them to change their culture, activities and business models. It would be highly desirable for the economic sectors and regions that are most critical for SMEs to be involved more closely in Industry 4.0.

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3 [http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en).

4 [http://ec.europa.eu/info/law/better-regulation/initiatives/ares-2017-2868537/feedback\\_en?size=10&page=2](http://ec.europa.eu/info/law/better-regulation/initiatives/ares-2017-2868537/feedback_en?size=10&page=2). The efforts of the EC to launch the next stage of the consultation in all EU languages deserves praise, allowing for a broader input.

5 COM(2011) 78 final.

6 COM(2008) 394 final.

7 [https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act\\_en](https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act_en), Ref. Ares(2015)812234 - 25/02/2015.

8 COM(2016) 733 final.

9 Various studies – e.g. EP, 2011; CSES, 2012; EC, 2008; OECD, 1998.

#### 4. **Better policy-making and more effective delivery**

- 4.1 The EESC sees the SME definition not as the answer to all SME problems, but as an instrument to provide for better access to support measures. Any revision of the definition should be based on an evaluation of the effects of the proposed changes on the EU's SME policies and programmes and especially on their contribution to growth and job creation. The update must take into consideration the key recommendation based on the results of the consultations and the decision of the EU Court of Justice<sup>10</sup>. The EESC calls for further work to explore the possibility for the revision to include at least<sup>11</sup>: flexibility for SMEs to choose which two of the three criteria of Article 2 of the Annex to the Recommendation<sup>12</sup> to meet, instead of imposing the "staff headcount criterion"<sup>13</sup> as the only major criterion; measures to update, whenever necessary, the thresholds of Article 2, including by aligning them with the most up-to-date approach as set out in Directive 2013/34/EU<sup>14</sup> and reassessing and revising the restrictive rules in Article 3<sup>15</sup>. Should the SME definition be revised, the Commission must do so in close cooperation with the SME organisations at European, national and regional level.
- 4.2 A more detailed, differentiated approach to devising SME support measures should be applied, taking into consideration the heterogeneity and diversity of SMEs and the different market failures that they face. The specific needs of different sub-groups<sup>16</sup> that have the potential to add value to the process of economic development<sup>17</sup>, with their various different legal forms and models of operation<sup>18</sup> should be explored, in order to design and effectively deliver an adequate portfolio of policy measures to promote their growth, including by providing a definition for each and every one of them<sup>19</sup>. Effective marketing should be used and objective studies including quantitative analyses of the promotion and support measures in the MS should be monitored and assessed under the EU Semester at EU level every year.

#### 5. **SME financing**

- 5.1 The majority of SMEs are very small and micro- enterprises, encompassing the self-employed and the liberal professions. These groups have very specific needs in terms of financing –

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10 [http://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=uriserv:OJ.C\\_.2017.030.01.0056.01.ENG&toc=OJ:C:2017:030:FULL\\_&part=1&cid=687947](http://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=uriserv:OJ.C_.2017.030.01.0056.01.ENG&toc=OJ:C:2017:030:FULL_&part=1&cid=687947),  
<http://curia.europa.eu/juris/document/document.jsf?text=&docid=183329&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first>  
<http://curia.europa.eu/juris/document/document.jsf?http://curia.europa.eu/juris/document/document.jsf?text=&docid=183335&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=691887>.

11 ECO/433 - Family and traditional businesses in regional development (not yet published in the OJ).

12 Art. 2, Annex, 2003/361/EC.

13 Art. 4, Annex, 2003/361/EC.

14 Directive 2013/34/EU, 26 June 2013.

15 Art. 3, Annex, 2003/361/EC.

16 ECO/433, point 2.4 (not yet published in the OJ).

17 ECO/433, point 2.5 (not yet published in the OJ).

18 [OJ C 345, 13.10.2017, p. 15 \(point 3.2\)](#).

19 [OJ C 318, 23.12.2009, p. 22](#); [OJ C 226, 16.7.2014, p. 10](#).

relatively low amounts, no collateral, and a very limited ability to cope with administrative formalities. Appreciating their considerable potential to create sustainable jobs, especially in relatively small and remote towns, the EESC invites the EC to place greater emphasis on designing simple, easy-to-access instruments to meet their financing needs.

## 5.2 Debt

5.2.1 Since the SME Charter and the SBA are included amongst the recent EU Banking Union priorities, the EESC calls for a more comprehensive, in-depth, consistent approach to measure how the "think small first" principle has been or could be applied to EU banking policies and different national banking and financial legislation in the MS. The EESC invites the European Banking Authority to include EESC representation in the Banking Stakeholder Group as well as in other relevant technical fora.

5.2.2 The EESC calls for the creation and development of a network of "credit ombudsman" by the MS under EU coordination, in order to further facilitate and balance the dialogue between SMEs and credit institutions.

5.2.3 In order to decrease the information gap between banks and SMEs and to improve their financial knowledge, the EESC suggests that qualitative data be requested and analysed in order to learn how the financial instruments are used by the intermediary banks to reach the SMEs that most need financial resources<sup>20</sup> and what the reasons are for credit not being granted to them, in line with the principles of the feedback from banks<sup>21</sup>.

5.2.4 The EESC is very concerned by the reports of bank failures putting some small enterprises out of business because of simple cash flow problems and calls upon the EC to take swift measures to prevent such events in the future. A company credit card that keeps the credit history and allows for an increase in the credit limit on the basis of a prudent record<sup>22</sup> could be one solution.

5.2.5 The innovative platforms for peer-to-peer lending have great potential as an alternative source of funding for SMEs, making possible non-bank forms of financial mediation. However, the high potential of these new forms of lending is still hampered by unclear areas of law and regulation. The EESC calls for an international effort by policymakers, regulators and interested parties to clarify the rules that govern key financial intermediaries in this area, without generating a major regulatory burden.

5.2.6 The MS' good practices for easy and affordable access of SMEs to financing should be studied and disseminated, and their replication should be incentivised.

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20 To counteract the existing negative practice whereby commercial banks offer cheap, EU-supported financial resources to their loyal customers, depriving the bulk of SMEs from access to it.

21 <http://www.ebf.eu/wp-content/uploads/2017/06/High-level-principles-on-feedback-given-by-banks-on-declined-SME-credit-applications.pdf>.

22 As Hungarian "Széchenyi card".

5.2.7 SMEs in Europe have little or no access to the corporate bonds market, because of lack of liquidity, high issuing costs and high information requirements. The EESC believes that proportionate listing and disclosure requirements for SMEs, the adoption of specific incentives and the creation of specialised SME capital markets at MS level will help overcome these obstacles.

### 5.3 EU funds

5.3.1 The state aid rules must be simplified and updated, to remove any uncertainties for SMEs, especially those related to the physical persons connection, state and municipal ownership, holding structures and other limitations that are very difficult to trace. The EESC supports the conclusions of the Gold-plating in the ESIF study published in 2017 by the EP's DG for Internal Policies, in particular the need to further simplify the rules, as well as bringing them more closely into line with conditions on the ground and applying them more flexibly, since their complexity increases the administrative burden, the risks of duplicating requirements and the preference for compliance with rules over the performance of the implemented projects<sup>23</sup>.

5.3.2 When support measures and programmes are designed at EU level, they should include criteria that will guarantee a reasonable geographical balance.

5.3.3 The EESC urges the EC to maintain and further develop the COSME programme, as an important SME support instrument<sup>24</sup>.

5.3.4 The EESC regrets that data is very scarce on the clear impact of resources devoted to SME policy measures under the 2014-2020 MFF. The Committee invites the EC to promptly address this and, when assessing their effect, to report on and monitor both qualitative and quantitative criteria.

5.3.5 The EESC calls on the EC and the MS to implement the Partnership Principle<sup>25</sup> in a more effective way when setting the framework for the next Multiannual Financial Framework (MFF). Even though the participation of the social partners in the decision-making process is binding, in practice there are a lot of impediments that prevent them from having a real impact on decisions.

5.3.6 Support for SMEs has mostly been geared towards increasing research and innovation and towards start-ups. Without questioning the importance of these policies, the EESC wants to emphasise that a very limited fraction of all SMEs will benefit from them and therefore calls for more diversified support instruments, targeting all types of enterprises and covering all phases of their life cycle.

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23 [http://www.europarl.europa.eu/RegData/etudes/STUD/2017/585906/IPOL\\_STU\(2017\)585906\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/585906/IPOL_STU(2017)585906_EN.pdf).

24 [OJ C 181, 21.6.2012, p. 125.](#)

25 Regulation 1303/2013 (art. 5), developed further in Regulation 240/2014.

## 5.4 Equity

- 5.4.1 The development of the Capital Markets Union (CMU) – expansion of venture funds, private equity markets – including informal markets, business angels and crowdfunding, has improved access to venture capital for particular categories of SMEs. However, a very large proportion of SMEs are unlikely to be able to benefit much from these. Even for innovative companies, start-ups and mid-size companies, the new instruments are not easy to use and considerable differences persist between countries due to the level of development of the local capital markets and the lack of proper legislation.
- 5.4.2 The EESC calls on the EC to provide more information and mentoring for SMEs in order to broaden the scope of their strategic vision and to improve their ability to use equity financing. Since traditionally SMEs have relied mostly on debt financing, their awareness and understanding of alternative instruments is limited and their behaviouristic attitudes are hesitant regarding equity financing. While recognising the recent efforts of the EC to increase knowledge of individual financial instruments, the EESC stresses that this is not enough and calls for business organisations to be supported and incentivised to develop SMEs' long-term strategic approach to business financing. As they are in daily contact with SMEs, they can help them to increase their understanding of how different instruments can serve SMEs' different financing needs at specific stages of their life cycle.

## 6. Evidence-based, practical actions to support SMEs are needed

- 6.1 In spite of its potential usefulness<sup>26</sup>, regrettably the network of SME envoys has failed to prove its real added value in a number of countries and it is very difficult to track the result of its work. If the excellent idea of such a network is to be revived, it needs to be given a more important role, including closer and immediate contact with the national and local SME organisations, and the exchange of good practices and reports. The EESC recommends that the network create and make available a platform for exchange of good practices in order to produce, in collaboration with EU/national representative SMEs organisations, an annual report on how effectively the "think small first principle" is being enforced. It also recommends that the national SME envoy be mirrored by one appointed by SME organisations.
- 6.2 The EESC finds it helpful for the envoys to participate in the Annual SME Performance Review and to have general guidelines from the EC for more systematic and structured cooperation with SME organisations.
- 6.3 The SME Assembly is promoted as "the general assembly of the SMEs", and the EESC fully endorses the idea of a forum where SMEs can meet, identify pressing issues and search for solutions. In order to upgrade the SME Assembly to a more effective level and to strengthen its role as a discussion and decision-making platform, the EESC strongly recommends that:
- SMEs organisations be involved more closely in the annual preparation and follow-up of the Assembly, and to have a real advisory role;

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[http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/sme-envoys\\_en](http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/sme-envoys_en). The activity reports and other documents: <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=2666>.



- meetings of the Assembly provide more analytical material with important facts, trends, expectations presented by neutral researchers – primarily academic institutions;
- good examples and successful benchmarking of similar scale forums be swiftly implemented<sup>27</sup>;
- a transparent and inclusive procedure for calls for participation be adopted, guaranteeing a proper mix of entrepreneurs, SME organisations, intermediaries, academic and research institutions and policymakers from all the MS<sup>28</sup>;
- tangible results be achieved based on the discussions and work of the Assembly – e.g. takeaways, to-do-lists, etc. Each year a report on how the previous year's decisions have been implemented should be produced and made available;
- consultation with SMEs and their representatives be included when the programme and scope of issues to be discussed during the Assembly is decided.

6.4 Deeply convinced that representativeness increases the effectiveness of policies and measures at EU, national, regional and local level and can provide an extra impetus to social dialogue at sectoral level, the EESC calls for better representation of SMEs by investing in joint actions by strong and representative SME organisations and the exchange of experience and good practices.

6.5 Some EC information web portals, which are important for SMEs, are not translated into all EU languages, which puts SMEs at a disadvantage. The same applies to most of the public consultations.

6.6 The EESC is concerned that too many EC studies and surveys are outsourced to private consultants, which do not have in-depth knowledge of SMEs' policies and their effects since they are not in daily contact with SMEs and do not represent them. Independent scientific bodies and public/private partnerships in cooperation with SME organisations are urgently needed to deliver real value added for SMEs at EU level.

## 7. **Administrative and regulatory burdens**

7.1 When excessive, the European, national, regional and local regulatory burdens remain a major obstacle for SMEs as they tend to be poorly equipped to deal with these sorts of problems. The EESC supports cutting the red tape and constraints on small, medium-sized and micro-enterprises and the public. The Commission should focus on quality rather than quantity and prioritise reductions in red tape, which has been seen to translate into a cost on businesses, a brake on their competitiveness and an obstacle to innovation and job creation. It goes without saying that when such steps are taken, consideration must be given to the aim and purpose for which obligations were put in place. The EESC insists that compliance procedures should not be unnecessarily costly or lengthy. The silent consent principle needs to be promoted when

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<sup>27</sup>

For example EuroFi Financial Forum <http://www.eurofi.net/>, Annual Financial Services Forum, etc.

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The representation of SMEs is currently a matter for discussion, because "Entry to the SME Assembly and European Enterprise Promotion Awards is by personal invitation from the EC only". This has led to a situation where every year the same circle of participants is gathered, without guarantee of whether they represent the SME community in their countries or whether they have the capacity to pass on to that community the messages from the Assembly. Suggestions are not elicited on the topics and the agenda includes only fragmented examples of entrepreneurship. The Assembly does not debate important issues or produce proposals.

legislating at European, national and regional level. MS need to be encouraged to keep administrative taxes to a level not exceeding the administrative costs.

- 7.2 The "once only" principle and the SME test should be more thoroughly and systematically applied by the relevant services of the EC<sup>29</sup> and be made legally binding, because currently their application in practice is extremely limited as it is left to the good will of the MS. This endeavour must cover both the legislation and the administrative procedures affecting SMEs (including by introducing single interlocutor and reduced reporting obligations<sup>30</sup>). The EESC points out that whilst it is important to avoid any duplication of requests for information, to ensure sound public governance and therefore relevant and essential data and information for establishing, monitoring and assessing the policies must be available in the government data registers.
- 7.3 The EESC calls on the EC to review its commitments to assessing different pieces of legislation and regulations, which are pending or delayed, and to proceed swiftly with those which are related to SMEs. The Committee calls on the EC to strengthen and increase the administrative capacity of the special directorate for SMEs.
- 7.4 The EC must ensure that the impact assessment and the REFIT programme puts, when applicable, a special focus on the needs of SMEs. This must also be mirrored by MS. The intention stated by the EC in the SBA review to "explore the possibility for reducing gold-plating by MS" must be implemented in practice<sup>31</sup>, in accordance with the communication on Smart Regulation, without curtailing the regulations on protecting the public, consumers and workers, or gender and environmental standards<sup>32</sup>, including by encouraging the MS to give a particular central body responsibility for monitoring. This might take a form of an early warning service, monitoring the coherence of the transposition of EU legislation at national, regional and local level, in order to prevent gold-plating legislation or unnecessary administrative burdens. The EESC also suggests that it should be obligatory for the agendas of SME envoys to include issues that are on the EC's regulatory agenda.
- 7.5 The EESC calls on European and national policymakers to ensure that there is systematic scrutiny of new regulations and their implementation by representatives of EU, national, regional and local business associations. The reduction of unnecessary costs and burdens should be based on evidence from a 'case-by-case' assessment.
- 7.6 Appreciating the crucial importance of business transfers for SMEs and especially family businesses, the EESC calls for swift measures to facilitate and streamline them at reasonable costs.

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29 <http://www.eurochambres.eu/Content/Default.asp?PageID=1&DocID=7733>.

30 COM(2011) 78 final, p. 8.

31 COM(2011) 78 final, p. 8.

32 [OJ C 303, 19.8.2016, p. 45 \(§2.9.1\)](#).

7.7 The culture of risk-taking must be wider promoted, including by creating a more favourable legislative second chance framework. Projects like PRE-SOLVE and Early Warning Europe should be further developed and replicated to cover all Member States.

## 8. **Human resources**

8.1 While most of the new jobs in the EU are created by SMEs, recently they have faced serious problems in accessing skilled labour, especially workers equipped with digital economy-related skills, which is due, among other things, to the deteriorating demographic picture in many regions in terms of population and ageing trends.

8.2 Even in regions where the population is growing it is difficult for SMEs to hire and keep highly-skilled labour and to comply with the increasing regulatory and bureaucratic requirements of the labour market institutions. SMEs need assistance in identifying, attracting and training human resources. Measures are needed to support SMEs with regard to health and safety training and healthcare services for workers – for example offering such services to a cluster or group of SMEs, in order to reduce the costs and to limit the technical formalities.

8.3 The EESC invites the EC to develop support measures providing off-season and tailor-made training programmes to qualify their workforce and to encourage MS to create systems for offering such programmes on a regular basis, since small companies suffer from high quit ratios. These measures will help SMEs to overcome the labour market deficiencies which hamper their prospects.

8.4 The EESC underlines in particular the need to increase the number of apprenticeships, as well as to devise special programmes for mentoring and tutoring, in order to cope with the problems of youth unemployment. This has to be done with the least possible administrative burden for SMEs.

8.5 The EESC notes that the increase in employment is occurring primarily in the SME sector and in medium-sized enterprises in particular. At the same time, it is a challenge to find appropriate ways to provide an opportunity for social dialogue between employees and employers in these enterprises, and to give it a specific structure. An initiative aimed at gathering innovative examples drawn from the best practices of various countries can make a contribution to this.

## 9. **Entrepreneurship**

9.1 In line with its previous opinions<sup>33</sup>, the EESC is concerned because the recent data show that "necessity entrepreneurship" prevailed over "opportunity entrepreneurship", and calls on the EC and the MS to start designing measures to reverse this trend<sup>34</sup>, and to encourage a stronger culture of entrepreneurship in Europe.

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<sup>33</sup> ECO/433 - Family and traditional businesses in regional development (not yet published in the OJ).

<sup>34</sup> The data shows that for the five years after the beginning of the crisis in 2008 the number of SMEs increased while value added and the number of employees declined. EC SME Performance Review dataset (2014 edition).

- 9.2 The Entrepreneurship Action Plan<sup>35</sup> is far from being implemented. The EESC would consider any further delay to be extremely detrimental, since the entrepreneurial spirit in Europe is lagging behind compared to other parts of the world and the measures in place produce limited effect<sup>36</sup>.
- 9.3 The low level of take-up by SMEs of the digital internal market in their cross-border commercial relations is an important concern for them, and especially for the micro companies. They should be encouraged to participate under the same market conditions and on an equal footing with large international and European on-line traders. SMEs need to be reassured on their right to choose in which market to operate and on their freedom to contract, so as to restore confidence in carrying out online cross-border transactions.
- 9.4 The EESC calls for an overall positive climate to be created that can boost entrepreneurial activity for all, without putting a special focus on specific groups of entrepreneurs. To that end, an Action Plan for Entrepreneurial Mind-Set Education is urgently needed.
- 9.5 Underlining the role of cultural and social norms, the EESC calls on the EC and the MS to be more innovative in finding ways to tackle the culture of risk aversion. The value of entrepreneurs and companies and their crucial role in creating employment and growth must be better promoted, including by devising a special Pillar of Entrepreneurs' Rights<sup>37</sup>, which should cover all special forms of entrepreneurs, and declaring a Year of Entrepreneurs. The EC and the MS must improve the framework conditions for entrepreneurship such as access to finance, the regulatory framework and entrepreneurial education.
- 9.6 The EESC calls on the EC to support and promote advisory services and programmes for improving the management of small and family traditional businesses, since everything in these companies is directly related to this factor, as well as for lifelong learning, including by providing online educational tools in areas such as business planning and production standards, consumer legislation or other regulations.

## 10. Access to markets

- 10.1 Some studies show that a very small proportion of SMEs<sup>38</sup> consider the internal market as their home market. Even though the majority of SMEs are local, their business activities are highly dependent on internal market regulations. The EESC calls for the internal market, both for products and services, to be deepened, for regulatory barriers and administrative burdens to be reduced, and for instruments to support SMEs' expansion within the internal market to be created.

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35 COM(2012) 795 final.

36 EESC study on "Assessment of the effectiveness of the EU SMEs policies 2007-2015".

37 [http://www.eurochambres.eu/custom/EUROCHAMBRES\\_proposal\\_for\\_a\\_European\\_Pillar\\_of\\_Entrepreneurial\\_Rights-2016-00213-01.pdf](http://www.eurochambres.eu/custom/EUROCHAMBRES_proposal_for_a_European_Pillar_of_Entrepreneurial_Rights-2016-00213-01.pdf).

38 In Sweden - only 6%.

- 10.2 The EESC invites the EC to evaluate which SME instruments in the different sectors could help SMEs to be more active and involved in participating in trade agreement and trade defence negotiations, and to make an effort to further promote the most effective instruments, putting the "think small first" principle at the heart of EU trade policy.
- 10.3 The EESC underlines the fact that SMEs are an increasingly important subject for the EU and calls for swift action so as to increase their internationalisation, enabling them to take advantage of the opportunities that foreign markets provide.
- 10.4 The EESC calls on the EC to ensure better and more effective operation of the SME centres intended to help SMEs enter important markets – e.g. China, Japan, etc. It invites the EC to ensure better and more effective cooperation between SMEs representative organisations and standardisation authorities with respect to existing and new EU technical standards.
- 10.5 Some MS report unfair trade practices on the part of the big trade chains which impose excessively heavy trading conditions on SMEs. This issue must be studied further and properly addressed.
- 10.6 The EESC also calls on the EC to step up its efforts through its European and national programmes to increase small firms' share of government contracts obtained from public procurement<sup>39</sup>.
- 10.7 The EESC believes it is important to involve SME organisations in partnerships so that, through training and better coordination, they can deal with the consequences of natural and non-natural disasters at EU level.

Brussels, 17 January 2018

Georges DASSIS

The president of the European Economic and Social Committee

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[https://ec.europa.eu/growth/single-market/public-procurement/strategy\\_en](https://ec.europa.eu/growth/single-market/public-procurement/strategy_en); <https://www.ppact.eu/>; <http://www.tenderio.com/>; [www.sesamproject.eu](http://www.sesamproject.eu/);