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NOTE

from: General Secretariat of the Council
to: Delegations
Subject : Plenary session of the European Parliament, 22 May 2012
Joint debate on SMEs' access to Structural Funds and evaluation of the SME definition

On behalf of the Council, Mr WAMMEN, Danish Minister for European Affairs, delivered the speech in Annex I.

Mr HAHN, Commissioner in charge of regional policy, delivered the speech summarised in Annex II.

Contributions on behalf of the Political Groups

Mr BENDTSEN (EPP, DK) said that EU programmes should be closer to the world of business and more user-friendly. He highlighted energy efficiency as an area that would represent a new starting point for business, thanks to financing from the Structural Funds for SMEs, and the reduction of red tape. Concerning the definition of SMEs, he considered that one should proceed in a most circumspect manner, as no major change was needed.

Ms KREHL (S&D, DE) underlined the importance of SMEs in the EU economy and their performance on the global stage. She highlighted that there was a potential for making SMEs access to finance from the structural funds easier by reducing red tape, and recalled the key role that SMEs could have in addressing unemployment, in particular of young people.

Mr CREUTZMANN (ALDE, DE) complained about the lack of sufficient differentiation in the definition of SMEs, as he felt that the self-employed and micro-enterprises could not be put on the same level as larger SMEs. He considered that this would affect the effectiveness of the Structural Funds in creating jobs and growth, and that smaller SMEs should be given simplified access to the Structural Funds.

Ms MIRANDA (Greens, ES) underlined the importance of SMEs for the most vulnerable groups, such as the young and immigrants, as SMEs accounted for 85 % of all jobs in the EU. She thought that the revision of the Structural Funds should simplify life for SMEs and enhance their innovative and technological potential.

Mr CHICHESTER (ECR, UK) considered that SMEs needed access to information to survive, including consistent and clear information on financing, as well as a reduction in red tape. He identified research and development as an area that should receive financing from unspent funds.

Mr SALAVRAKOS (EFD, EL) drew attention to the high degree of vulnerability of SMEs, in particular in Greece, where they were experiencing a dramatic number of closures. He considered that difficult access to financing, in particular obtaining loans from banks, together with the reduced absorption capacity of funds, should be addressed.

Ms ZUBER (GUE, PT) complained that austerity measures were asphyxiating SMEs, in particular shops, which were closing down because people had no much reduced spending power, due to wage and pension cuts. She asked for State support against what she considered a 'monopoly effect' of the single market.

Ms SINCLAIRE (NI, UK) complained that UK SMEs received little or no support, despite the fact that the UK was an EU net contributor.

Contributions from other MEPs

More than thirty MEPs took the floor, mainly aligning themselves with the positions already expressed by the representatives of the political groups. Mr RÜBIG (EPP, AT) insisted in particular on the importance of research and asked whether this would be reflected in the EU budget for 2013. Ms TOIA (S&D, IT) added that innovation could open up new opportunities, while Mr KALFIN (S&D, BG) stressed the importance of enlarging the digital market. Mr van NISTELROOIJ (EPP, NL) considered pre-financing to be key for SMEs, given the difficulties they were experiencing in obtaining credit from banks. Mr THEURER (ALDE, DE) considered that a network of cooperative banks should be created to help finance SMEs. Mr KELAM (EPP, EE) called upon Member States to come forward with national plans for SMEs.

Mr SCHWAB (EPP, DE) considered that the definition of SMEs was not satisfactory, as it encompassed 99 % of all EU companies, which were not treated in a sufficiently differentiated way. According to Mr OBERMAYR (NI, AT) this resulted in an excessive administrative burden on smaller companies. Ms FORD (ECR, UK), supported by Mr CYMANSKI (EFD, PL) and Mr STOYANOV (NI, BG), considered that micro-companies should be excluded from all administrative burdens. Mr DAERDEN (S&D, BE) warned against such an approach, especially when health and safety measures were considered as red tape. Mr KELLY (EPP, IE) stated that only small and microenterprises should be supported and Mr KARINS (EPP, LV) considered that the definition of SMEs should be revised to include only small enterprises. Ms SWINBOURNE (ECR, UK) added that SMEs should be exempted from State aid rules. Ms ANGELILLI (EPP, IT) was opposed to increasing the threshold that defined SMEs. Ms LUKACIJEWSKA (EPP, PL) added that, if that were the case, smaller enterprises would have to compete with even bigger ones. Mr BÜTIKOFER (GREENS, DE) felt that in this case there should be an increase in funding, as bigger enterprises had a higher absorption capacity. He considered that co-financing rules should also be revised.

In his closing remarks, Mr HAHN assured the plenary that the Commission would look favourably at all proposals from Member States to reduce unemployment. He considered that a strong signal could be given when setting the amount of financing under heading 1 for the next programming period, as this could channel investments from the financial markets.

Mr WAMMEN stated that the Council Presidency was working to set up an investment-friendly environment for SMEs and mentioned the Small Business Act as an important step in this direction, along with the establishment of a Digital Single Market. He agreed with Mr BERNTSEN on the importance of investing in energy efficiency to create growth and jobs and told Mr RÜBIG that the Multiannual Financial Framework would in particular target research and development.

Nicolai Wammen, Danish Minister for European Affairs

Mr President, I welcome the fact that this Parliament is focusing on the issue of small and medium-sized enterprises. Given the current difficult economic climate, it is all the more important that SMEs, which are the principal contributors to our economies, are provided with a climate in which they can flourish and grow.

You have chosen to focus this debate on two specific issues: that of access by SMEs to structural funds and that of the definition of SMEs. Both of these have been the subject recently of oral questions to the Commission. In fact, it is correct to address the Commission on both these issues and I am sure that the Commissioner will be able to respond in more detail to the particular points which I know are of concern to this Parliament, to the Commission and, of course, to the Council.

As far as the Presidency is concerned, I would like to share with you a number of points which are important to the Council. Firstly, SMEs are the backbone of our economy. They are the drivers of wealth creation and of our ability to adjust flexibly to changes in demand, and are a major source of employment. That is why SMEs have been at the heart of the Europe 2020 strategy. At a time when more than 25 million people are unemployed, we need the SMEs to generate jobs, especially for young people.

SMEs draw valuable support from the structural funds. Indeed, over the period 2007 to 2014, SMEs will have benefited from these funds to a total of EUR 70 billion. This financial support helps strengthen the competitiveness of SMEs.

During the credit crunch, ensuring that SMEs have access to adequate finance has become even more important. For this reason a number of schemes guaranteeing loans to SMEs have been extended, and there are several new initiatives designed to provide SMEs with interest-rate subsidies and to increase the credit ring-fenced for SMEs.

Financial instruments constitute a rapidly growing and effective form of support for SMEs from the structural funds. They complement grant financing and are more sustainable because the money can be recycled and used again in the future. Venture capital and loan funds are also indispensable for SMEs. In addition, SMEs benefit from financing through the European Investment Bank, which provides loans at advantageous rates. These constitute valuable financing mechanisms offering a flexible approach that is an alternative to either grants or loans from commercial banks.

A further valuable source of funding comes from the various initiatives set up jointly by the Commission and the EIB. The financial instruments known as JEREMIE, JESSICA and JASMINE are designed to improve SMEs' access to finance by providing equity, loans and guarantees.

On the matter of the definition of SMEs, I am aware that the Commission is preparing a survey to assess Member States' opinions on the current definition and whether it could be beneficial to change it. In the Council we have not yet had an opportunity to discuss this issue and we are looking forward to receiving the Commission's survey. That said, it is important to note that the current definition means that 95% of all companies in Europe are SMEs. It therefore seems natural that we have a thorough discussion and a proper analysis on a possible change of the definition, and we also look forward to hearing the opinion of Parliament and discussing this issue with it.

Mr President, honourable Members, Commissioner, the focus of your interest this morning is the issue of access to finance by SMEs – and rightly so, given the current economic climate. I would like to close by emphasising that, while access to finance is, of course, extremely important, SMEs also need a favourable business environment in which to be able to develop. The Small Business Act, adopted in 2008, has been key in helping SMEs, through the creation of a comprehensive policy framework. In conjunction with this, many Member States have taken steps to help SMEs – for example through the establishment of one-stop shops for people starting up businesses – but we must all remain particularly vigilant so that we continue to provide SMEs with a proper environment in which to grow, and so that we simplify the business environment and reduce the burden of red tape on all businesses.

Summary of the speech of Mr Hahn, Commissioner responsible for regional policy.

Mr Hahn recalled that some 23 million SMEs represented the heart of the European economy and 99.8 % of European companies. Growth and the future competitiveness of Europe therefore depended on the competitiveness of our SMEs. The crisis had hit SMEs, which were now experiencing increased difficulties in obtaining loans. SMEs therefore needed to be helped to realise their innovation potential. In recent years, the European Commission had repeatedly taken measures to improve access to capital for SMEs. Through the adaptation of existing programmes in the years 2010 and 2011, funds of more than EUR 8.1 billion were made available through financial instruments such as loans and guarantees. 300 different instruments had been funded in the Member States and more than 90 000 jobs had been created.

In January this year, the Commission had - in conjunction with the Member States - undertaken to adapt programmes and reallocate unspent funds for the creation of new jobs. This reallocation would mainly benefit SMEs, because they would best be able to create sustainable jobs in Europe. Mr HAHN highlighted that as there are about 24 million unemployed and 23 million SMEs in the EU, unemployment would be almost solved if each SME hired one unemployed person.

The reallocation based on this initiative should total an estimated five to eight billion euros. For the next programming period, the Commission had set a clear focus on the Structural Funds for SMEs. 80 % of the European Regional Development Fund (ERDF) in the more developed regions and 50 % in the less developed regions would be used for priorities such as innovation in SMEs, renewable energy and energy efficiency. It should be stressed that in absolute numbers 50 % in the less developed regions made up more than 80 % in the developed ones.

Mr HAHN acknowledged that to improve the competitiveness of SMEs, the administrative procedures needed to be simplified to allow better access for SMEs to the Structural Funds. He thanked the European Parliament for the variety of suggestions regarding this aim. He recalled that administrative challenges needed to be addressed also at national and regional level and called for a joint effort by Member States in the interest of SMEs.

Mr HAHN explained that the European Commission evaluated the definition of SMEs on a regular basis, and said that an independent evaluation was taking place. In particular, the evaluation would focus on the number of employees and the turnover limits. The results were expected in the early autumn of 2012.