

Speaking Notes

Single Market Strategy - IMCO

EP, Altiero Spinelli, Room 3G-3, 23rd February 2016, 15.00

Luc Hendrickx - Panel discussion: “Creating more opportunities for consumers, professionals and businesses, and boosting enforcement.” SMEs and start-ups.

Thank you very much for organizing this hearing and inviting UEAPME to give our view on chapter 2 of the Communication of the commission on the Single Market Strategy.

On the **collaborative economy** UEAPME stresses that the key factor is the frequency with which collaborative platforms are used for commercial practices. UEAPME is not against the possibility for private persons to occasionally provide services, hospitality, and transport throughout the use of platforms. However, when this activity becomes usual and a source of regular income, it should be considered as a commercial entity and therefore all regulation should apply (i.e. registration of the business, payment of social contribution, VAT rules, income taxes, specific licenses and health and safety requirements).

The regulation framework is already in place and should be respected by all commercial providers, meaning entities that provide services against payment on a regular basis.

We should try to remove the barriers not only for **start-ups** but for all enterprises. Indeed what all our SMEs need is an enabling environment.

This means a consequent application of the Think Small First principle: legislation has to be adapted to the characteristics of SMEs. The “only once” principle has to be applied whenever possible as well as the proportionality (risk based) principle. Legislation should be introduced only when it is really necessary. However, this is not necessarily a question of less regulation but of better regulation.

Slow **administrative procedures** are barriers for entrepreneurs and hinder start-ups. This is often the case for the delivery of permits with negative effects on the continuity and competitiveness of SMEs. While respecting the legitimate interests of

all parties involved, and based on the principles already agreed in the Services Directive, it should be ensured that permits are delivered in a reasonable timeframe. No response within the set timeframe should be considered as tacit approval.

In our view two topics are crucial for start-ups: **access to information** and **access to finance**.

Provide better information for start-ups/SMEs in a more accessible way through the SME organisations should be one of the main objectives of the new strategy.

The EU-institutions provide extensive online-information on the internal market. However, the way it is presented is often rather confusing. It is difficult, especially for new entrepreneurs, to find and understand the relevant information. The representative SME organisations should be used by the Commission to spread the information as they are close to the entrepreneurs.

Points of single contact (PSC) are also an essential element of the Services Directive. They centrally provide information for businesses on all important aspects of the Services Directive. Several aspects that are closely related to the provision of services are not covered by the directive (e.g. posting of workers, tax issues, social security provisions, professional qualifications). These aspects should nevertheless be included in the information service of the PSC in order to provide one-stop-shops with real added value. Furthermore, it would be important to provide the information at least in English in addition to the national language.

Given the fact that the majority of start-ups do not intend to go cross-border automatically during the first years after setting up (they rather concentrate on local or regional markets), they should get special treatment in the domain that is the most critical for them, say the financing of their initial investments (f.ex. during the first 3 years after establishment).

In addition start-ups need a broad range of financing opportunities. Alternative ways of financing that can also contribute to innovation and thus foster a company's competitiveness, need to be expanded.

Late payment : ten thousands of jobs disappear each year due to late payment. The actual directive should be urgently strengthened in order to tackle the shortcomings. For example: public authorities abuse the verification period and big companies continue to impose unacceptable payment terms to their SME suppliers.

Insolvency proceedings need to be more efficient and effective.

- For SMEs, it is important to reduce the costs of procedures, to eliminate bankruptcy stigma and to avoid discrimination of failed entrepreneurs.
- Support programmes to mentor, train, advise and support second starters in close cooperation with business organisations are needed and an exchange of best practices in these fields should be set-up.
- After an honest bankruptcy, discharge within a reasonable time-frame is crucial to provide a second chance, while not ignoring the interests of creditors, especially SMEs.
- Furthermore, all policies have to take into account the economic situation of SMEs so as to prevent difficulties and address the social situation of small business owners. Research and reflection on poverty amongst small business owners/retired business owners is necessary.

Crafts and SMEs in Europe fully support open markets within the European Union. Remaining barriers within the internal market have to be removed and it has to be better accessible for micro enterprises and self-employed. UEAPME rejects any additional new barrier within the internal market.

Therefore, UEAPME proposes the following policy approach:

- Promoting the free movement of professionals through the recognition of qualifications, whilst respecting systems of regulated professions, which prove to ensure high quality of services and sustainability of entrepreneurship and have a positive impact of apprenticeship.
- the Services Directive has to be fully transposed in all Member States respecting the existing national specificities. A Member State specific approach for certain implementation issues can be more suitable than enforcing European solutions for everything, because the one stop shops foreseen in the Services Directive should offer comparable and complete, easy accessible information on the different national solutions. In order to guarantee fair competition an EU-wide administrative enforcement instrument for the effective sanctioning of violations of the law of foreign-service providers should be introduced.
- All services should be included into the scope of the "One-Stop-Shop" for VAT compliance to allow all cross-border services provider to declare VAT in their home country in a simple and practical way.
- The work on a common base for corporate taxes should continue in the

framework of enhanced cooperation.

- In order to maintain a level playing field agreed rules and legislations have to be correctly and fully implemented in time and enforced in all the Member States. More efforts should be done by the European Commission to avoid distortion of competition which is affecting mostly SMEs.

On **Geoblocking** we stress that there is no additional legislation needed. Online traders must have freedom of contracts as all traders do. There are many objectively justified reasons for a cross-border sale to be blocked, not necessarily of legal nature, such as very high compliance costs, copyright, or even non-viable or feasible business models. It therefore appears necessary to maintain the enterprises' freedom to make the choice to distribute where they wish to do so. Overall, UEAPME is against regulating geo-blocking because this would restrict contractual freedom of businesses.

