

# EUROPEAN Entrepreneur



with

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# The Ukrainian League of Industrialists and Entrepreneurs

is your gateway to the Ukrainian business and the country's growing dynamic market

The Ukrainian League of Industrialists and Entrepreneurs - ULIE - is the oldest and the biggest business association in Ukraine. Established in 1992, today it has over 30,000 member-companies that constitute 80% of the country's GDP.



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## SME Europe —

### Small and Medium Entrepreneurs of Europe

SMEs are the backbone of the European economy. It is these especially, creating sustainable jobs, growth and prosperity. Micro, small and medium sized enterprises represent 99% of an estimated 19.3 million firms in the EU. SMEs provide around 65 million jobs, which account for two-thirds of all employment in Europe. This is the key factor, which has to be taken into consideration by the policy-makers while creating and developing a common European economy.

We are SME Europe — the SME association of the European People's Party (EPP), and our aim is to shape EU policies in a more SME friendly way. We closely cooperate with national business organisations and European policy makers within the EPP political family, with a particular focus on the European Parliament. As a pro-active organisation within the political networks of Christian-Democrats and Conservatives, we yearn to bring a new spirit and a fresh entrepreneurial breeze into the political debate. The interests of SMEs are best served when the market mechanisms can freely make an impact. It is about time that the role of governments are contained in order to allow less, but smarter state intervention. These are the best framework conditions for future SME growth.

#### Horst Heitz

Executive Director of SME Europe of the EPP







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Publisher

**EUROPEAN ENTREPRENEUR  
VERLAGSGESELLSCHAFT**

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UG (haftungsbeschränkt)

Roesslweg 10

82166 Graefelfing

Germany /Deutschland

Proprietor/Ownership Structure — Inhaber und Beteiligungsverhältnisse:  
Shareholder/Gesellschafter: GEORG EBERLE (100%)

Illustrations & Photos tribute to European Parliament Audiovisual, European Commission  
Audiovisual, Shutterstock, SME EUROPE and European Entrepreneur Magazine

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**EUROPEAN**  
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A close-up portrait of Georgios Chatzigeorgiou, a man with dark hair and a beard, wearing a blue shirt and a dark jacket. He is looking directly at the camera with a slight smile.

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Dr. Dieter-Lebrecht Koch,  
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Thomas Mann

# »In the midst of chaos, there is also opportunity«

— Sun Tzu, The Art of War



**Yours, Lilia Heitz,**  
General Manager & Editor in Chief

The European Union is in deep water, there is no way of denying it. It cannot be described as a stormy patch, but rather a continuous surge of waves threatening our continent. Neither can it be described as a sole crisis, but rather one of many already manifested without any solutions. The Eurocrisis, the security crisis (Ukraine-Russia and the Middle East), and the migration crisis which all in turn lead to future crises of the European institutions, solidarity and indeed the very idea of Europe. Ever since the proposed referendum on the UK's EU membership, it is certain that the European Union is not an undisputed entity, and must therefore be rethought and remodelled. Of course, many of these current problems were perhaps already identified, but many others were not taken seriously enough or were inappropriately communicated.

One thing is however definitive; and that is that the EU needs to rediscover its fundamental principle. From the ashes of this series of crises; chances and opportunities can rise, but only with an open mindset and no suppression of thoughts. Family businesses set a good example of this, as it is only those who combine tradition with change and modernity for more than three generations that thrive and survive.

In principle, it is even normal and expected that Europe should stand such trials and survive them, and that it is challenges like these that sooner or later, every system or nation must face. These trials cannot be avoided, only delayed or mitigated, and at the end of the day, only a healthy political system can withstand these phases. As a result, it could be fair to say that the European Union is not the source of these crises, but rather its own structural weakness, which momentarily finds it very difficult to cope and is in urgent need of reform. Fighting the symptoms of this weakness is fruitless as they will always return in different forms. What is needed is structural strengthening so that the organism can withstand crises and survive long enough to resolve issues before it's too late.

When this is achieved, only then will Europe be strong and lasting. If not, we Europeans will fear every crisis, not knowing whether we will be successful in the end. The European defeat could only be a question of time. We now have the power in our hands to not give in, and to make our continent «crises resistant» for the future generations.



## Gi Won On

Former and First President of the Korea Research and Innovation Centre-Europe located in Brussels. With over twenty years of experience in the international cooperation, Gi Won On is active as a networker, coordinator and entrepreneur accelerating the European-Korean cooperation.



## Dietrich Aden

Former student of law in Münster and Würzburg with a focus on «public law» and is currently a Legal Clerk at the District Court of Bochum. He is Chairman of the Youth Union and Member of the District Board of Small Businesses Association in the Münster region.



**economiesuisse**

## economiesuisse

The Swiss Business Federation is helping Swiss companies to fully exploit the potentials opened up by the free trade agreement with China. There is still room for improvement in connection with the required documentation, the mutual understanding of the different customs cultures and the further reduction of tariffs. Economiesuisse is supporting this process by working closely together with its members and the involved Swiss authorities.

## Lenard Koschwitz

Director of European Affairs, Allied for Startups. Previously, senior advisor to a MEP, focusing on the data protection reform, cyber security and the Common European Asylum System. Lenard is a passionate European, member of the European Federalists and the European Union. He studied political science, German literature and psychology in Germany and European Studies in Brussels.



## Thomas Grundner

Thomas Grundner studied law, economics and politics at the Universities of Salzburg and Vienna. Now he is an associate in an Austrian law firm, specialised in capital markets and commercial law. His PhD thesis concerns the new European financial market directive MiFID II, which will be implemented in 2018.



## Dr. Franz Schausberger

Austrian politician. PhD., Historian. Founder and Chair of the Institute of the Regions of Europe (IRE). Previously Governor of Salzburg, Chairman of the Commission for Constitutional Affairs and European Governance & Vice-president of the European People's Party in the Committee of the Regions.



## Alfred Schubrig

Austrian Entrepreneur, Founder and CEO of Plenio IT Solutions GmbH. Alfred interned in 2012 for Dr. Paul Rübig MEP. He studied Economics at the Vienna University of Economics and Business, with a focus on innovation and information systems.



# »WE STAND FOR SMEs«

Presenting the SME Europe Board 2015–2019

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# Trust in SMEs, means trusting independent Humans



**Bendt Bendtsen MEP, President**

**«If banks get to know the people behind our SMEs — the SMEs benefit from easier access to credit»**

Access to finance is a longstanding barrier for Entrepreneurs and SMEs wishing to grow their business. Europe seems to have a serious challenge here as opposed to for instance the United States which has a mature culture of business angels, venture capital etc. Here in Europe, the local banks are most often the source of capital and they are not generous in their lending.

EU programs such as COSME are helpful in facilitating easier access for Entrepreneurs and SMEs and, it is positive that SMEs now receive more financing from the EU investment fund EFSI. We can certainly do more from the political side to create the right framework for Entrepreneurs and SMEs.

However, when it comes to the need for capital, let us not forget the important role of the people behind our SMEs: The families, friends and owners who put their lives and savings into their start-ups. The passionate pioneers who worked through the night to get their project up and running.

It is the stories of these entrepreneurial heroes, we have to pitch directly to the bank managers and investors. In fact, real experience (from a study of SMEs in North Italy) shows that if banks get to know the people behind our SMEs — through direct contacts with the firm, its owner, and the local community etc. — then the SMEs can benefit from easier access to credit.

The point is that the competences of the owners and key people representing the company are important factors for the access to finance for SMEs. As it is, a competent entrepreneur can overcome the (principal) lack of trust in some SMEs due to the fact that some banks tend to base their lending policies on the sole use of economic and financial data. It is of course not a case for local banks to ignore the hard core financial data, but the lesson for us is that the entrepreneurs need to engage with and show their human faces and competences to the bank managers in a determined manner.



# Encouraging SMEs across Borders



Iuliu Winkler MEP, First Vice-President

## «We will never get tired repeating again and again that SMEs need fewer declarations and more concrete action»

The European Union is in immediate need of sustainable growth and more jobs. SMEs can deliver this, if properly encouraged and if freed from the pressure of over-regulation, bureaucracy and red tape.

We, SME Europe of the EPP, think that internationalisation of the European SMEs and more of them getting involved in international trade will bring a crucial contribution to growth and jobs. To get there, small businesses need more specific information, which has to be readily accessible.

The MEPs affiliated to SME Europe are keeping up the pressure on the European Commission to work on the implementation of the new EU trade

agenda addressing the interests of the European SMEs in terms of Intellectual Property Rights, public procurement and market access, to name just a few fields to which our attention is drawn.

A constant priority for us is cutting the red tape, reducing the administrative burden and simplifying the bureaucracy. It is with risk of over-repetition, but we at SME Europe of the EPP will never get tired repeating again and again that SMEs need fewer declarations and more concrete action. Europe should be concerning itself with world matters rather than regulating SMEs. This goes without saying for the Member States too, since it is with worry that we see a new era of gold-plating on the rise. European, national, regional

and local levels must be free from overlapping and repetitive regulations that impose an unnecessary burden on European SMEs, decreasing their competitiveness on the global market.

The future has to be addressed with high priority, so we think that boosting entrepreneurial thinking has to be high on the educational agenda in all the Member States. We need incentives for independent entrepreneurship and more innovation, we also need more young entrepreneurs and women involved in entrepreneurial initiatives. This is the way to boost internationalisation of European SMEs, and gain more growth and high quality new jobs for the citizens of Europe.



# The Role of SMEs in the Strategy of the European Commission

”

Elżbieta Bieńkowska, Commissioner for Internal Market, Industry, Entrepreneurship and SMEs

## «The Commission has put in place tools to listen to the concerns of entrepreneurs and to ensure swift follow-up on feed-back»

SMEs are crucial to the EU's economy — they create new jobs and drive economic growth. That's why SMEs are at the heart of our policy making. The Capital Markets Union, the Digital Single Market and the Single Market Strategy were all designed with the needs of SMEs in mind, to help SMEs exploit the single market's full potential.

In spring 2016 the Commission made several proposals to make life easier for SMEs. The VAT Action Plan will make the system simpler and more user-friendly. The e-commerce package will boost e-commerce in the EU by tackling geoblocking and making cross-border parcel delivery more affordable and efficient. The European

agenda for the collaborative economy will help businesses and consumers benefit from new business models.

Within the Single Market Strategy, the Start-up Initiative will help businesses grow and go cross-border. We are currently running a public consultation to collect new ideas and feedback on starting-up and scaling-up a company in the EU. Under the 2015 Better Regulation Agenda, the SME dimension is central to EU policy-making. The Commission has put in place tools to listen to the concerns of entrepreneurs and to ensure swift follow-up on feed-back. To avoid negative impact of EU legislation on SMEs, the SME Test looks closely at how rules could affect small businesses.

The EU COSME programme aims to improve SME access to finance. More than 51,000 SMEs already received financing under the COSME loan guarantee facility. Small business can also benefit from the EU Horizon 2020 programme and the European Structural and Investment Funds.

This year we have not only seen Europe's SMEs starting to expand their businesses, but an increase in hiring. We will continue to encourage this trend by removing barriers in the Single Market and helping SMEs exploit its full potential, stimulating investment and together with the Member States working to create the best possible environment for SMEs.



# The Honorable Businessman



Dr. Ingo Friedrich, Honorary MEP, President of the European Economic Senate

**«Whoever wants to save the future of the honorable merchant, must also allow SMEs to live this legacy and allow them the freedom as an entrepreneur»**

In Italy during the middle ages, the respectable businessman was always portrayed as a role model. He embodies the knowledge, confident nature and virtuous behaviour necessary to society. Therefore, he lays the basis for his own long-term success, and contributes to social peace in his own town. This principal spread from the Hanseatic towns throughout the whole of Europe, becoming an authentic European ideal. No other economic participant can stand more for this value than the small and medium sized enterprise, which is led by its founder, or for generations, has been in the hands of a family. In the times of globalization, their roots have contributed to the unique face of regions and dwellings of the European economy. They are the guardians of tradition and are the pioneers of innovation and research in an important part of an operational economy. But even here there is a change, not least through the digital revolution and business models. The new «digital» SMEs are more mobile and have brought a new generation of entrepreneur into existence which is no longer tied to one sole location. «Early» globalization has however already changed the face of classic SMEs. For many SMEs, new

chances have arisen, others stand before substantial challenges. The world is changing, and it will only change faster. Successful or not, entrepreneurship has become sophisticated. At the same time, society's expectations have risen to this, or one takes the social responsibility of the entrepreneur advance for granted. And so to achieve this ideal has now become much more difficult and for many is seen as a luxury. The reason for this is both simple and elementary: a lack of time. How can an entrepreneur educate or even commit to a company if he doesn't even have time for his own family? One of the greatest problems and simultaneously the easiest to resolve is cutting the unnecessary bureaucracy — which is not only fiscally a minus to business, but also a threat to SMEs, and deters young entrepreneurs through fear of getting saddled with the burden of «community involvement». When time is limited, one often wants to spend it with family and friends. Consequently, SMEs increasingly focus on themselves. In short, whoever wants to save the future of the honorable merchant, must also allow SMEs to live this legacy and allow them the freedom as an entrepreneur.

# SMEs need more Freedom



Dr. Paul Rübig MEP, Chairman SME Global

**«When deciding on a new set of rules for the common market, we should replace contradicting national regulations by transparent and easily applicable common rules at EU level»**

Already during the public debates for the European Parliament election in 2014, Commission President Jean-Claude Juncker made it very clear that for the coming years his intention was and still is that the European Union should become bigger and more ambitious on big things, but smaller and more modest on small things. Thus, business regulation by public authorities should only take place when we see a clear added value to the smooth functioning of the broader economy within our common market. If such a regulation is deemed appropriate, we should insist that rules should be formulated in a way that reduce the level of complexity to a necessary minimum.

Small and medium-sized enterprises rely on an easily understandable and applicable regulatory environment. Unlike bigger companies, they often cannot afford the additional resources to deal with complex legal requirements in 28 different member states. In order to avoid additional bureaucratic burdens they often do not expand into further markets and consequently cannot offer their goods and services abroad.

Such unrealised business opportunities are not only painful to the SMEs in question, but also hurt economies as a whole. Consumers face less choice when buying products and fewer suppliers also translate into less competitive markets.

Having this in mind, I would like to emphasise on the following considerations: When deciding on a new set of rules for the common market, we should focus on not creating an additional layer of bureaucracy. Instead, we should replace unnecessary patchworks of contradicting national regulations by transparent and easily applicable common rules at EU level («The Cost of Non-Europe»). In the same spirit, we should avoid situations in which national administrations add unnecessary complexity to EU directives, by insisting on further red tape that is not required by the EU legislation («gold-plating»). Succeeding here would translate into a significantly more freedom for SMEs».





Dr. Christoph Leitl, President of the Austrian Federal Economic Chamber

# Why Europe needs more Free Trade in a Global Market

## «Vibrant and efficient trade is where our future lies. Let's not fear change!»

The economic world is facing unprecedented challenges. New markets emerge, old markets disappear. Technological disruption changes the way we conduct business. On top of that, globalisation makes the world smaller and smaller in terms of time and space. All these developments have had a profound impact on the world and the people living in it. Right now there is a lot of uncertainty about the status quo, suspicion of change and fear of the future.

The biggest mistake we could make right now is to let ourselves be paralysed by fear of something new. If we try to shut ourselves off instead of embracing the change around us, we will lose. This is as true for our everyday lives as it is for our current state of political and economic affairs. This means we have to open ourselves up to new things and seize new opportunities.

Europe is already a hub of high-level progressive thought and innovation. It is home to some of the world's most competitive companies and industries. Perhaps, one of its most impressive accomplishments has been building a community and market encompassing close to a half billion people. The Single Market with its free movement of goods, services, people and capital across national borders is the cornerstone of the EU's ability to create wealth and jobs through global trade. Especially Austria as a small and export-oriented country has therefore greatly benefited from its membership in the EU. Today as much as 70 percent of Austria's foreign trade is conducted with EU Member States thanks to the reduction of non-tariff barriers.

In order to strengthen its position in the new world order, the EU must develop its Single Market even further and enhance its own trade and investment ties with the world. Over the next ten to fifteen years, 90 percent of the work demand will be generated outside Europe. Therefore, the EU must continue its work to erase trade barriers and tap into new markets where European companies can develop new opportunities. The best way to do this is by negotiating free trade agreements. If the EU completed all of its current free trade talks tomorrow, it could add 2.2 percent to the EU's GDP, which equals 275 billions euros. One of the most important agreements is being negotiated right now — the Transatlantic Trade and Investment Partnership (TTIP). And while public opinion in the EU — and particularly in Austria — is very critical of TTIP, I believe that we should see the agreement as an opportunity to further strengthen our economic relationship with the United States while shaping SME-friendly free trade agreement rules that foster their export and investment activities. Ultimately, we have to keep in mind that TTIP has the potential to create a golden standard for future free trade agreements. This is important because vibrant and efficient trade is where our future lies.

Free trade will be the key to future prosperity and job growth in all member states. Let's not fear change and let's not shut ourselves off, but rather embrace what the global economy has to offer.

**YOUR EUROPE**  
STARTS HERE

◁ **ACCESS TO A SUBSTANTIAL  
EUROPEAN BUSINESS  
NETWORK**

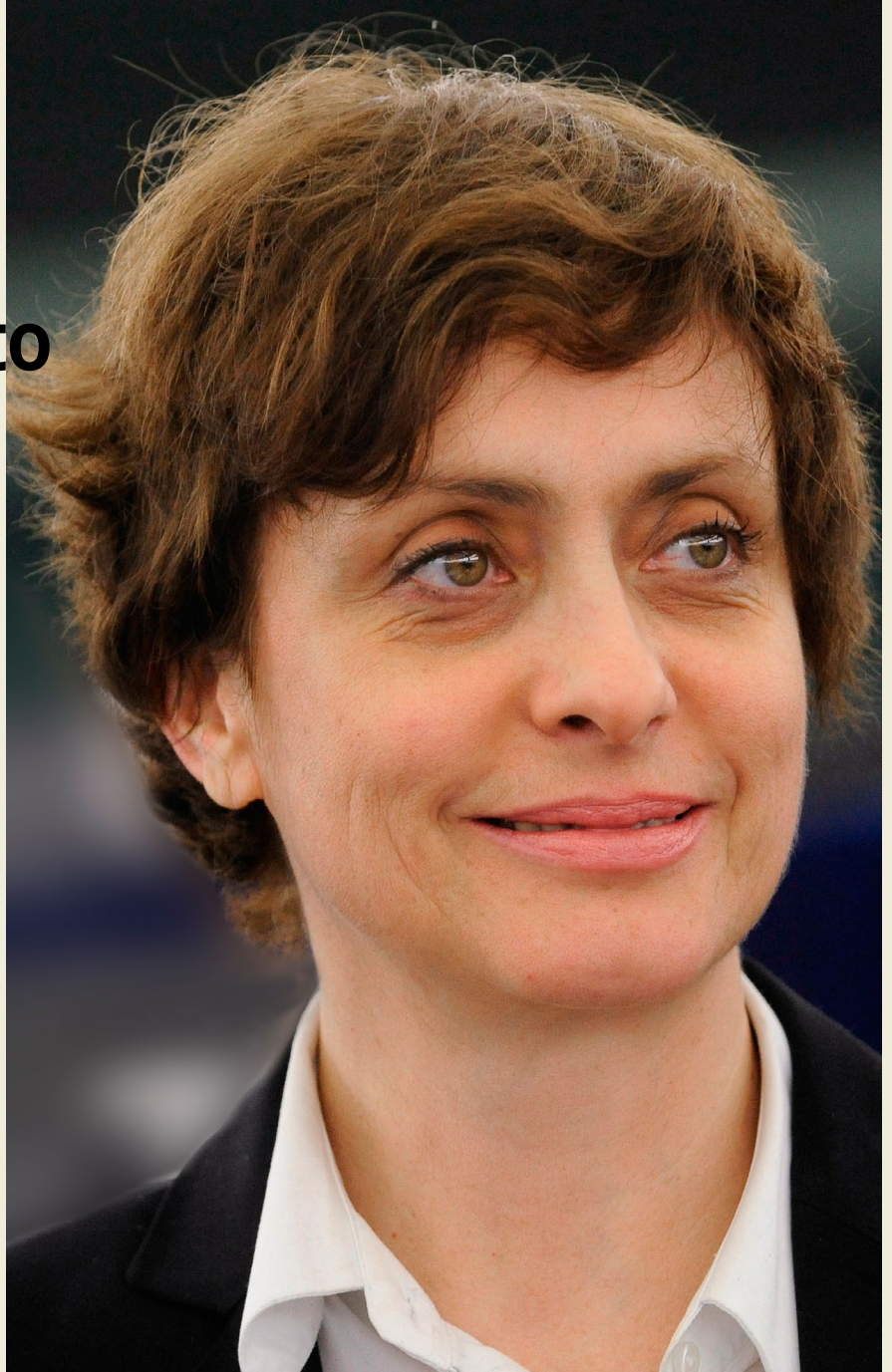
◁ **ACTIVELY PARTICIPATE IN THE  
EUROPEAN DEBATE WITH KEY  
STAKEHOLDERS**

◁ **UNDERSTAND HOW  
THE EU WORKS**

**START TO BENEFIT  
FROM EUROPE NOW!**



# The Debate for a «better» Europe is yet to come



Nadezhda Neynsky, Bulgarian Ambassador to Turkey, former MEP

## «The EU must fundamentally change communication between the institutions and its citizens»

The result of the referendum in Great Britain created a completely new situation both in the UK and the EU. It is a sign that a serious process of alienation not only from the EU, but from the political process as a whole has begun. Whatever happens from now on in the negotiations between the EU and Britain, one thing is certain — a long period of unpredictability with long-term economic consequences lies ahead. It must be reaffirmed with undeniable evidence that the unification of Europe continues to be the solution, not the problem.

One of the serious problems to solve is the use of a common currency without a common fiscal policy between countries with different economic potential. Another problem is the migration policy and its consequences for security. The EU must fundamentally change communication between the institutions and its citizens. The rule states that institutions are as arrogant as you let them be. In the digital world we live in, information is no longer a privilege of the minorities. People have access to a huge volume of information which enables them to expose injustice more easily. Natural ally in

this challenging period is business; SMEs especially, which perhaps, to a great degree, have become a successful model of community development. Business means jobs, it means economic growth, it means competition, and especially in times when on the economic horizon, major economies such as India and China are increasingly approved. A huge untapped potential of the European economy is women's entrepreneurship. Due to cultural stereotypes associated with their gender, women wishing to start their own businesses are still not taken seriously as entrepreneurs and face considerable difficulties finding finance. They have to overcome a number of barriers posed by investors and financial institutions. Added to this is a lack of confidence and fear of risk. It would be extremely helpful if the EU develops a specific strategy by which to empower women entrepreneurs. For this purpose it is essential that the NGOs are involved in this and through them, identify the specific problems and through dialogue, look for solutions. Steps like this will be a positive sign of awareness, trust and commitment as well as a good investment in the future of the EU



# Youths taking Risks is a Chance for Europe

Angelika Winzig MP, Vice President & Treasurer

## «Austria's focus is on the young entrepreneur scene»

Europe's Youth has the best conditions in which to develop new ideas and visions whilst realising them in a new company. Through education, social and community peace, research and technological progress, Europe is a guarantee for a successful future.

Nevertheless, the global competition of young scientists and young entrepreneurs researching new technology is higher than ever. India, China, Japan and many others implement their technological advances very quickly into reality. These states clearly have a competitive advantage being outside of the EU. The EU's bureaucracy makes the step to self-employment difficult, this is why many young people don't start businesses, take risks or responsibility. Many strive for careers in the public sector or in government backed institutions. Politicians must support the motivation, personal responsibility and freedom of entrepreneurs in the European Union.

Our Vice Chancellor Mitterlehner takes this situation seriously and actually established a Start-up package. Aus-

tria's focus is on the entrepreneur scene. Start-ups are the business models of the future. Innovation and technology are promoted in collaboration with academic institutions and give young entrepreneurs a chance of success. All the essential points such as venture capital for investments, a reduction in wage costs for the first three years for innovative companies and newly founded start-ups fresh from universities, are at the core of this package. Europe's life insurance is effectively youths taking these risks.

In connection with more chances being made available to youths, the EU should focus more on brokering trade agreements. TTIP and CETA offer more chances for our SMEs and for the next generation of entrepreneurs. The political crisis in the Middle East, weakened European markets, the situation in Ukraine, Brexit and so on, only bolsters the need for focus on overseas markets. Politicians must save the position of Europe in a globalised world in order to guarantee our youth the best conditions for development.





Ivan Štefanec MEP, Vice-President

# SMEs need more than just Help and Freedom to make Business

## «Competition must be preserved in Europe»

SMEs are the cornerstone of our economy, conveyors of unique traditions, and at present — the driving force of progress and innovations. We generally agree that we must support them, but opinions diverge when it comes to determining the most viable path.

If our goal is the natural, continual and stable growth of SMEs, then we must reject the path of direct subsidies and the creation of an artificial environment. It distorts the market and, as we have frequently witnessed particularly in Central European countries, it leads to corruption and the squandering of funds. We can most effectively help them in areas where they themselves feel pressure and demand change. Numerous surveys have shown that SMEs consider bureaucracy and endless red tape, lack of capital and, in some states, high taxes and contribution requirements to be the greatest obstacles. The European Parliament has adopted legislation to simplify cross-border business, and further legislation for building the Digital Single Market is on the horizon. The Capital Markets Union makes investment capital opportunities available even to companies that did not have access to this capital in the past. The only issue faced by SMEs that is not, and should not, be addressed at the European level is taxes and statutory contributions. It is only natural to pressure governments for the lowest possible rates, but at the same time competition must be preserved in Europe and the historic and economic particularities of each Member State must be taken into account.

Throughout history, Europe was always a driving force of progress and the cradle of inventions and innovations. Unfortunately, over the last few decades this position has been partially overtaken by other parts of the world. But right now we have the best conditions for Europe to get back on top where it belongs. In order to grow, the digital and sharing economy and new forms of business need a stable legislative environment, high-quality infrastructure and the largest and most open market possible. Europe offers all of this, along with top-quality educational institutions. Some of our start-ups have already made their mark on the world through their own ingeniousness. Now it is up to us, the representatives of the European institutions, to create the most suitable legislative environment for them. Numerous policies will be adopted while the Digital Single Market is being built; on the table is a draft directive creating a status for single-member private limited liability companies (SUP), along with numerous others. It is the duty of politicians, both national and European, to bring the desires of citizens to fruition - not in a populist manner but through constructive, expert public dialogue. SME Europe is the vehicle for gathering and analysing suggestions, and presenting our proposals and measures to the public. I believe it to be an important forum where politicians, experts and practitioners will meet during the Slovak Presidency of the EU in the second half of 2016. Our common goal is an economically strong and successful Europe.



# Why Everybody should want to create an SME

## «Start-ups are responsible for major revolutionary innovation ideas!»

In Europe, we have about 21 million SMEs, employing around 33 million people and constituting 99% of total companies in the EU. In this age, those companies are the biggest source of innovation ideas and dynamic, entrepreneurial courage.

Under the new industrial revolution 4.0, digitalisation plays a leading role. In order to face the challenges related to this revolution, we need the new entrepreneurial spirit, especially in the digital field. Very often, the major source of this spirit comes from dynamic SMEs called start-ups, which are responsible for major revolutionary innovation ideas providing an innovation-friendly environment.

Additionally, big companies — due to their lack of ability to react fast to industrial changes — have to be supported by the innovations, which very often come from agile micro, small and medium enterprises. This is why, at European level, we need to fully support an open cooperation and dialogue between all stakeholders, from academia to big business players because very often, those big players in order to expand their activities are making use of ideas from smaller players, creating the win-win situation for both sides.

In order to properly support European innovation spirit, our environment has to provide a proper level of high risk financing but also a high level of technical and educational support for young start-up entrepreneurs.

In the interest of this unavoidable industrial revolution, the European Union has prepared a number of smart regulation and financial instruments in support of new SMEs that will help grow and expand their activities in the EU and beyond. Under the initiative of Horizon 2020, the amount of 3 billion euros in funding, over the period 2014–2020 is provided for high potential and ingenious companies.

Thanks to this friendly environment, this is the time to concrete the new ideas and to become a significant player within this revolution happening before our eyes.

Michał Boni MEP, Vice-President





# A Modern Europe needs Roots: why SMEs are Mediators between both



Annie Schreijer-Pierik MEP, Vice-President

## «SME entrepreneurs and farmers should feel the benefits of the EU at home when sitting at the kitchen table»

Have you ever visited a countryside village where there are only a few people with only a few shops or businesses? It would be nice for a few days' holiday but spending everyday life here can be very difficult. On this basis, we should strive to keep the European countryside viable. The key to achieving this are the small and medium-sized enterprises (SMEs), which are mostly family-owned businesses. Europe is reaching out to these businesses by offering investment money via the so-called 'Juncker Plan' (EFSI, the European Fund for Strategic Investments). This fund stimulates, for example, projects regarding energy and the circular economy. These are an example of a few themes which concern SMEs.

In recent conversations, I have noticed that many SME entrepreneurs have questions about this fund. I consider it very important that we clarify the opportunities. These funds are not just on offer to the benefit of specialists of multinationals. The importance of agricultural SMEs for a viable countryside cannot be underestimated. Unfortunately, the European agricultural sector is in crisis. Prices

of pork, milk and many other products have been at an historical low for almost two years now. The EU should have the confidence to alter regulations which are simply not working. Too often, EU representatives continue discussing solutions in collective meetings, while the SMEs don't notice any improvements on the ground. SME entrepreneurs and farmers should feel the benefits of the EU at home when sitting at the kitchen table. They should be listened to by authorities, for example by quickly dealing with requests for permits and cutting administrative burdens for example. Economic growth is not just a number. It concerns real jobs for real people. Villages need the heartbeats of enthusiastic inhabitants who volunteer to organise village events or start up innovative new companies to boost local infrastructure.

I live in a countryside village myself with many flourishing SMEs — one even has a factory in China now. Thanks to them, we enjoy huge summer festivals. For me it is living proof: SMEs are the backbone of a lively economy and active society.

# From E-commerce, Copyrights, Data Protection and more — the Beginning of a Long List?

Elisabetta Gardini, Vice-President

## «The digital revolution is upon us»

The digital revolution is upon us and it has brought with it big opportunities for Europe and for European SMEs. SMEs represent the foundation of our European economy; broadening the possibilities and business opportunities for SMEs in this new digital age is of huge importance for the future growth and competitiveness of Europe. Deepening cross-border E-commerce as set out in the new directive moves us towards that goal as it will create opportunities and provide benefits for both consumers and businesses; consumers will be able to benefit from more competition and choices while businesses will be able to reach a wider consumer base.

Cutting red tape and harmonising rules between Member States; such as the data protection rules will make it easier to do cross-border business without large amount of legal

expertise, one aspect that will make for a more even playing field. EU wide rules for data protection will also lead to more trust from the consumers, as the rules for what happens with your personal data in another Member State are clearer thus further increasing potential consumers for SMEs.

The essence of an equal playing field and the ease of doing business is also our objective with the new copyright rules. The directive aims to broaden the access to creative content across the EU and to boost innovation while still ensuring the protection of intellectual property.

Moving forward, I see the implementation of the Digital Single Market being a huge opportunity for Europe and European SMEs alike.





# The Digital Future must be the Future for SMEs



Pablo Zalba Bidegain MEP, Vice-President

## «We should not put barriers where there are none»

In the last years digital platforms have transformed our day-to-day activities; the way in which we buy, the way we learn, and the way we connect with people. This change also affects the private sector, as new market opportunities to trade through e-commerce are plausible.

Small and Medium Enterprises (SMEs) are recognised as a fundamental economic driver in the European Union as they provide economic growth, job stability and employment to a significant proportion of the total EU workforce. SMEs account for up to 99% of the EU companies and provide 67% of total employment. However, there is an immense majority of these Small and Medium Enterprises which carry out their business at a national level due to different reasons, from fiscal restrictions to competence limitations or narrow legislative measures. Those are some obstacles which prevent these organisations from expanding their commerce abroad. Amongst the main goals of the Commission there is creating a real single market for all sectors, and more precisely a Digital Single Market (DSM) that would facilitate

a non-barrier space amongst member states, and with it increasing economic prosperity and contributing to a more unified Europe, because we should not put barriers where there are none.

Concretely, the DSM would enable SMEs expand through electronic commerce (e-commerce) which would contribute a sum of 415 000 million euros to European GDP. Needless to say that productivity, efficiency costs or logistic expenses would become strongly reduced, while at the same time the access to the information would be easier and safer. In line with their key role as economic drivers, SMEs are encouraged to acquire digital skills in order to foster entrepreneurship, innovation, and job creation as well as promoting the competitiveness of SMEs in a global context.

# A Manifesto on Tourism for Growth and Jobs



Cláudia Monteiro de Aguiar MEP, Board Member

**«Tourism is not just leisure and pleasure — it goes further than that and because of this, it should be on the top of the EU Agenda»**

Europe is the world's number one tourist destination with a market share of 51% in 2014. The industry generates, directly and indirectly 9.7% of total EU-28 GDP, a figure which is forecasted to rise to 10.4% of GDP by 2025.

It is currently the third EU largest socio-economic activity generating almost 25 million jobs — more than 60% of those employed are women and 40% are less than 35 years old. Despite the depth of the economic crisis the tourism industry has proved resilient. Numbers show us that this sector can be a key driver for social and economic progress for our countries and also for the European continent as a whole.

The tourism sector is also creating spin-off benefits, such as the improvement of transport facilities and infrastructures, but it also works as an important economic impulse for growth of remote and outermost regions. We should also highlight the strength of the European citizenship raised by travel experiences.

For maintaining high numbers high the European Union has to have a clear set of actions for the sector. The Manifesto on Tourism for Growth and Jobs is the commitment from almost 30 EU public and private stakeholders, tourism-related. We were able to identify the challenges faced by the sector; from skills and qualifications to sustainability and competitiveness.

It is now time to transform this commitment into concrete action. An Action Plan with a clear framework of actions and deadlines needs to be implemented. Our SME's must have our political support, they should count on us for creating a better business-friendly environment with less red tape.

I truly believe that with the support of the EPP group we will achieve greater goals for the sector that can create even more jobs and growth throughout the EU Regions. Tourism is not just leisure and pleasure it goes further than that and because of this it should be on the top of the EU Agenda.



# We need more Female Entrepreneurs

**«If you dare to think big, history will be on your side!»**

It is a commonly held belief that public institutions are intrinsically divorced from entrepreneurship. Not in my experience — it took me just a couple of days of being an MEP to realise that running my office like a start-up is the only way to remain effective and dynamic in meeting the various demands of the job. We are a small team — just 6-7 people — which makes it relatively easy to streamline our operations and implement some of the key features of modern small enterprises — keep a clear focus, get everyone involved, ensure rapid delivery and be always on the lookout for new, innovative ideas. I am happy to say that this ethos has allowed us to go far over the last two years, proving, among other things, that women can have an entrepreneurial attitude and apply it successfully in a non-profit institutional context.

We often speak about women as an interest group, a marginalised part of society requiring special consideration or care. But the truth is that the global economy desperately needs women, it has never been about charity or helping someone in need, but about competitiveness and growth, and unleashing women's economic potential is key to keeping both of them going. Innovation is a property of the individual, it makes every sense to make sure that 52% of the population is given the opportunity to realise theirs. Not preferential, just equal.

Women need role models to inspire and empower them, to show them that business acumen and daring are not qualities reserved for men. Women entrepreneurs are not exceptions, they are examples. They are the ones responsible for making the word businesswoman as commonplace as businessman; the ones who are not content to sit in the corner, but choose instead to aim high and work hard to realise their vision.

As a woman, I can say from personal experience: if you dare to think big, history will be on your side!

Eva Maydell MEP, Board Member







Tom Vandenkendelaere MEP, Board Member

# China and Europe — is fair Partnership possible?

## «Market access to China is much easier today compared to 15 years ago — let's develop it»

China and the European Union are major trading partners with strongly interlinked economies: the EU is China's top trading partner (429 billion euro), while China is the EU's second most important trading partner (396 billion euro), after the US. We have over 40 years of bilateral relations, but these relations are fragile and currently overshadowed by high-profile trade disputes on raw materials, solar panels and telecoms as well as recently highly mediated debate on whether or not to grant Market Economy Status to China in 2016. These cases show difficulties in modernising European trade defence rules and finding common ground with a state that has a long way to go before it is a fully modern market economy.

Yet, the mutual advantages of maintaining a close trade partnership between the EU and China are numerous. The gloomy outlook for the world economy makes China the single most important emerging market for European SMEs. China, in turn, is looking for skills and know-hows.

Market access in China is much easier today compared to 15 years ago with a higher number of English speakers, a growing middle class and more frequent flights to China. The potential of the Chinese market can only be fully unlocked for European SMEs if the EU continues to invest in bilateral relations with China — regardless of whether China is granted market economy status or not — with an eye on creating a level playing field. Hereby we must ensure we level up, not down. This means the EU continues to insist on reform in China (respect of human rights, implementation market economy principles, no government interference in the decision-making of companies, social responsibility, sustainable development etc.). The EU in turn should modernise its trade defence instrument to guarantee the protection of EU industry from dumped Chinese imports. EU Member States should speak with one voice and develop a comprehensive and coherent strategy to engage with China.



# OUR SENATORS



Peter Jahr MEP

## Business Succession is as important as Start-Ups

The lifetime of a successful company is unlimited, an entrepreneur on the other hand would perhaps like to retire one day or start a new business and if so, what happens to the company? To guarantee that the company lives on, it will need to be handed over to someone new. According to projections of the Institute for SME Research 135,000 company successions are impending until the year 2020. Early preparation for the change of leadership is indispensable and before successfully handing over a company a few tasks need to be done. First, the succession has to be planned in advance. There are different views on when to start the preparation. However a long planning can lead to success, as well as a spontaneous decision. To plan the succession must be a permanent task, the right time for it depends on various factors, such as the age of the entrepreneur is crucial of course, but also the current state of the company. The ideal time for a succession is especially when there is sustainable development expected. Another requirement is to know the value of the company. Studies show that in almost every second succession the entrepreneur handing the company over is

demanding a price too high. But factually comprehensible prices are of very high importance. When the price is too high the successor might overdo himself and face insolvency. Along with that, the institutional tax framework is crucial because it can facilitate or hinder cooperate succession.

The most important question is regarding the new entrepreneur: Regardless of whether or not the succession takes place among family members, within the company or external replacement is envisaged - the new entrepreneur has to fit into the company.

The succession to a family member is the most common form. Especially in that case long preparation periods are to recommend, because the transferee family member has not only to get the qualifications needed, but also the will to lead the company. In addition to that, every entrepreneur needs to know that the decisions regarding the succession will influence his or her retirement. Particularly when a company is transferred to a family member, the former entrepreneur will remain in close touch to his former company.



Markus Ferber MEP

## SMEs need a better impact Assessment

If legislation is not sound and comes with unnecessary burdens, small and medium enterprises (SMEs) are the first to suffer as they lack spare resources to put into compliance. Therefore, it is SMEs who benefit most from smarter and better legislation.

Part of such a push for better legislation must be regular and comprehensive impact assessments as part of the preparatory work for every piece of new legislation. Only if you are very aware of the consequences and possible unintended side-effects of new legislation can you make informed decisions about the way forward.

But the key is not only to have impact assessments in the first place, but to design them in a way that takes into account the very specific problems and challenges that SMEs face and that are often less visible than those of big multinationals who have become very good at making their voice heard.



**Thomas Mann MEP**

Thomas Mann is a German politician and acting Member of the European Parliament for Hesse since 1994. He is a member of the conservative Christian Democratic Union, part of the European People's Party. Thomas Mann is member of the Committee on Employment and Social Affairs, member of the Special Committee on the Financial, Economic and Social Crisis in 2009–2011.



**Martin Kastler, Head of Hanns Seidel-Stiftung for Czech Republic, Slovakia and Hungary, Former MEP**

Martin Kastler was elected to the European Parliament in 2009 and served as Spokesman on social and development policy for the CSU Group and Vice-Chair of the EPP Working Group on Bioethics as well as Member of the Committee on the Environment, Public Health and Food Safety and the Committee on Employment and Social Affairs.



**Mechthilde Wittmann MdL**

In politics for almost 30 years, Mechthilde Wittmann started out as the youngest Councilor in the City Council of Munich. On September 15th 2013, she was elected to the Bavarian State Parliament and is a Member of the Committee for Federal and European Affairs and Regional Relations, Member of the Committee on Constitutional, Legal and Parliamentary Affairs, and is active in the working groups for repatriates and partnership relations as well as cutting administrative burdens.



**Salvador Sedo i Alabart, Former MEP**

Salvador Sedo i Alabart is a Spanish politician elected to the European Parliament in 2011 and served as member of the Committee on Industry, Research and Energy and of the Delegation for relations with South Africa. Previously member of the Executive Committee of the YEPP (Youth of the European People's party), later he became a Member of the Political Assembly of the European People's Party.



**Davor Ivo Stier MEP**

Davor Ivo Stier is a Croatia politician. Following Croatia's accession to the European Union in 2013, he was elected as one of the first group of Croatian members of the European Parliament. Davor Ivo Stier serves as a Member of the Committee on Development as well as Member of the Committee on Foreign Affairs in 2013–2014.



**Jean-Paul Gauzès, Former MEP**

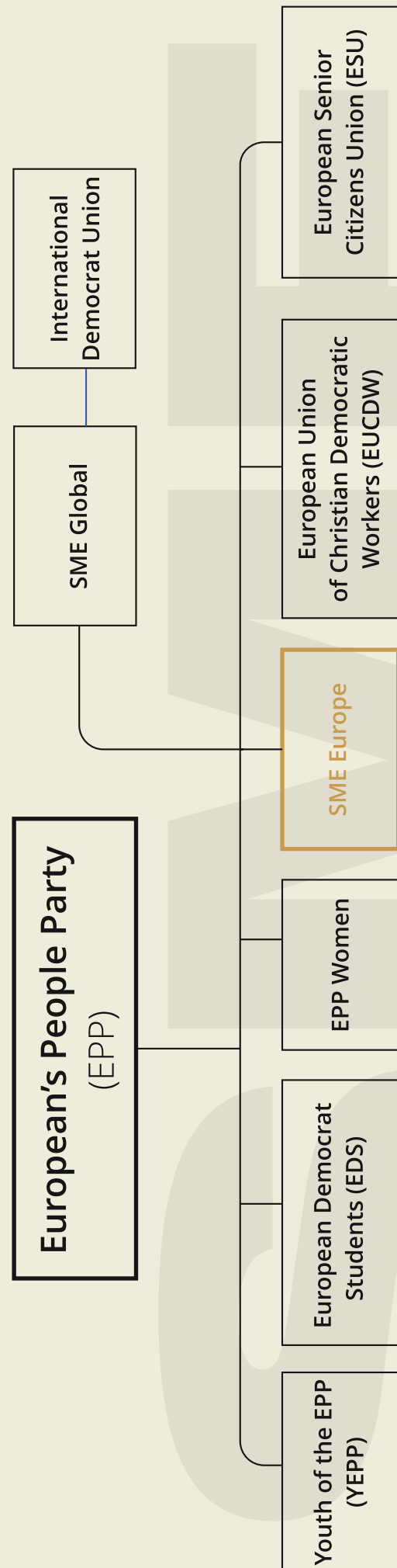
Jean-Paul Gauzes is a French politician and has been Member of the European Parliament since 2004. Member of the European People's Party (EPP group) he served in the Economic and Monetary Affairs Committee since 2004, the Agriculture and Rural Development Committee since 2009 and the Special Committee on the Financial, Economic and Social Crisis in 2009–2011. Jean-Paul GAUZES is Knight of the Order of Academics Palms (1985), Knight of the National Order of Merit (1987) and Knight of the Legion of Honour (2004).



# How does SME Europe work?

SME EUROPE works for the rights of small and medium sized enterprises (SMEs) in many areas, the first of our priorities is for our Board, Senators, and Chairs of our working groups to further develop and advise on EU legislation for the small and medium enterprises we represent. To achieve this, they look to the expertise of our national SME associations, within their own work circles, and to the experts and members from the small and medium enterprises. This unity and tight cooperation is highly important as the entrepreneurs are given an early heads up on legal developments through our own team, whilst we receive their own evaluations of the effects this will have on them. They often bring their own ideas regarding the obstacles and opportunities offered in SME legislation to the table, some of which are even not so obvious to us; this is because the SMEs we represent are operating on the ground and are engaged daily in commercial activities. In fact, SMEs have an important mediatory role in today's society. As a result, they know the effects brought by legislation on their own businesses better than anyone, therefore we must always integrate their experiences and knowledge for the best results.

We gather information, opinions and positions both locally in Brussels and in the member states using our communication platforms, but more so by means of our events, in which varying stakeholders from the European Parliament, Commission and other institutional representatives on EU and national levels; as well as associations, academics, and of course our SMEs, interact with each other. It is during these events that opinions, knowledge and positions are fairly exchanged with the ultimate goal of developing a common solution or at least a better understanding of the different positions, challenges, and visions for the future. More often than not, this dialogue produces the launch of a new working group or project.





Neynsky, Leitl, Schreijer-Pierik, Friedrich, Maydell

Such a project is «Powerhub Alps-Adria» of which the goal is to effectively build up a regional cluster in order to provide better networking and productive information exchange with political decision makers for SMEs. An additional objective of this project is to encourage financial support programmes to engage with the SMEs.

Another of these programmes is «Friends of SMEs» which serves as an information platform for programmes, projects, association initiatives, state bodies, businesses and academic institutions. Through the use of events, workshops and conferences, an information exchange is provided on all levels between the aforementioned groups.

A good example of a working group is the all-important «SME Start Up», which sets out to provide concrete help for the initial phases faced by young founders. The target is to improve legislation in this area whilst suggesting programmes and creating general awareness of the challenges faced by Start-Ups. The working group «SME Digital Agenda» on the other hand, has just one main focus, namely

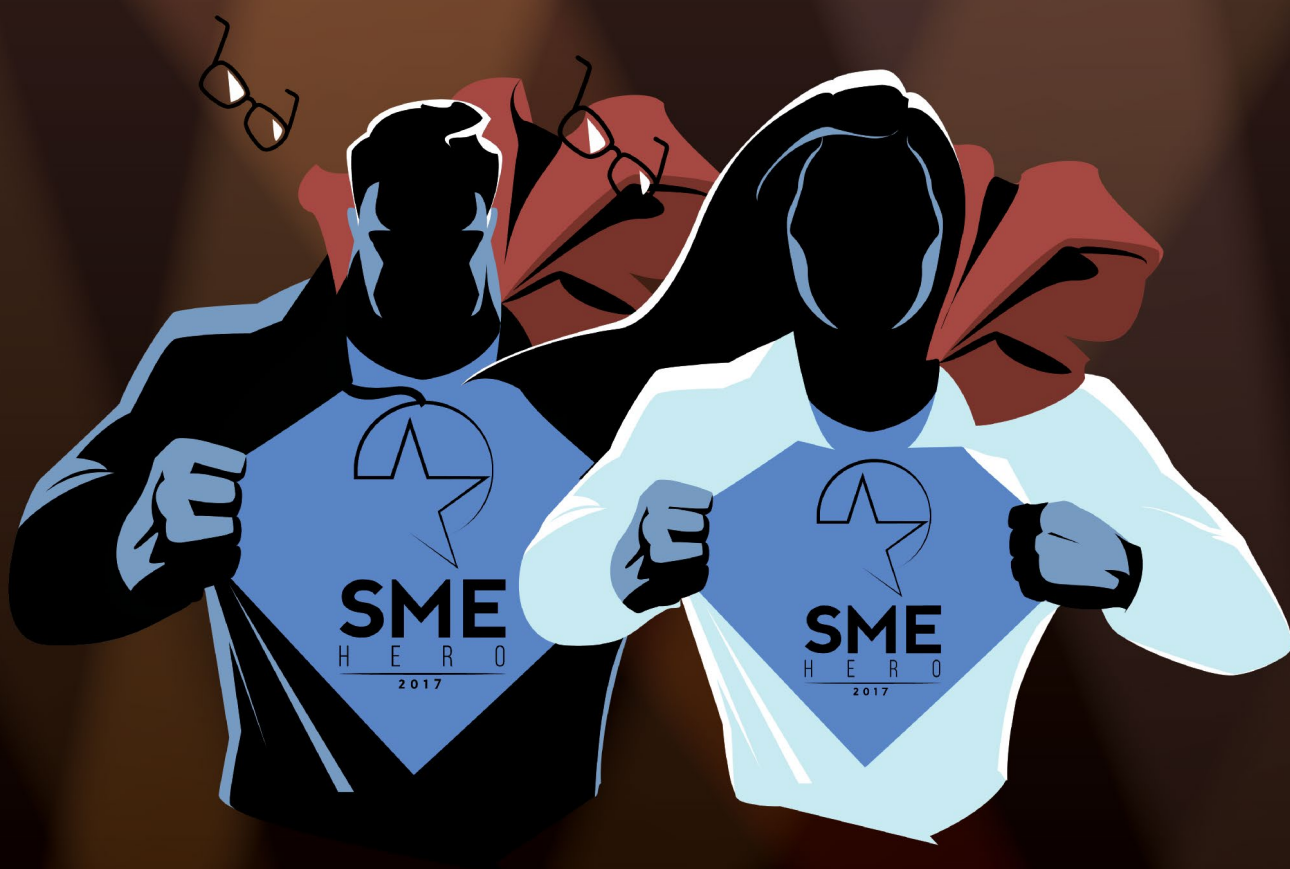
the production of a viable position paper and the creation of a workspace in order to demonstrate the vastly different perspectives of the SMEs to the Commission. A whole chain of events to help achieve this goal have been suggested. All of this is thanks to the work of SME EUROPE. We want to have more of an educational and promotional role in cooperation with the European Union for our SMEs through our mentoring programmes in Brussels. The goal is simply to ensure that manual labourers, retailers and restaurant owners for example, can develop a feel and understanding for Europe. They have the chance through us, not only just to meet representatives from all institutions, but also economic associations, company representatives and many more. If possible, programmes should be arranged to include SMEs from different regions where we could encourage our guests to use this chance to develop business relations and show them that Europe is not just about legislation, but the possibility of barrier free networking throughout the whole of Europe. Pragmatic entrepreneurs need to understand that it's not just all about legislation here in Brussels, but also concrete and practical chances.

Working Groups

Our Link to  
the Parliament

EPP Group





COMING SOON  
IN 2017



# SME

## STAR AWARDS

2 0 1 7

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**IS THERE A STAR**  
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**»Many old style businesses will be challenged in the coming years, but I trust in their ability to adjust and grow with these challenges«**

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A conversation with Bendt Bendtsen

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**Bendt Bendtsen is a Danish Member of the European Parliament. His political career is marked by an extremely interesting path. He started working for the police in Odense, before becoming a member of Odense City Council and eventually becoming the Minister of Trade and Industry under Prime Minister Anders Fogh Rasmussen, representing the Conservative People's Party. Bendt Bendtsen was elected to the European Parliament in 2009 and is a Member of the Committee on Industry, Research and Energy as well as a Member of the delegation for relations with China. Bendt Bendtsen is one of the original founders of SME Europe in 2012, of which he now holds the presidency. In this very first Interview of his presidency we are going to explore his views on current SME topics as a prominent and experienced European politician.**

Mr. Bendtsen, you have been recently elected as President of SME Europe and we are delighted to congratulate you on this important nomination. What does this new role mean to you?

I am very humble that my colleagues have chosen me to lead SME Europe. For the past seven years as MEP, I have worked a lot on the conditions for SMEs in Europe, which is of great importance to all Europeans. Previously, as the deputy prime minister and Minister for Economy and Businesses in Denmark for seven years, I also had a specific focus on SMEs and I will continue this work in the European Parliament and for SME Europe.

What exactly is the function of SME Europe in the European People's Party and more specifically in the EPP Group?

The EPP is the European party for SMEs and we must continue to work and expand on this important aspect. As for the EPP-group in the European Parliament, it is of great importance that we strive for a better European policy framework for SMEs in daily legislative work. However, we must be careful not to suffocate our entrepreneurs and SMEs in more bureaucracy.

We all know a great deal about the European economy being built on millions of SMEs across the EU; however, the needs of small and medium entrepreneurs are not always the same. In your opinion, what should be the practical advice given to policy makers on how to best moderate the wide range of initiatives and demands of SMEs from the 28 Member States?

Policy makers should pay special attention to SMEs' conditions in legislation — in order to avoid unnecessary bureaucracy and barriers, and to facilitate operating businesses in the single market. We have a particular responsibility to our entrepreneurs and our micro-businesses, who are vulnerable, especially in the start-up phase.

With this in mind, what is your plan for SME Europe and what are the topics you consider a priority?

I see three main priorities of SME Europe that we must continue to work hard on: Firstly, to ensure access to capital. In a frozen capital market and with future regulation on tightened capital floors from the international Basel committee, it is of increasing relevance to ensure access to capital for SMEs at all levels. This includes the European Fund for Strategic Investments (EFSI, «the Juncker plan») and under the Capital Market Union. Furthermore, I trust that SME Europe will continue its work to reduce red tape and to complete the Single Market — to the benefit of all SMEs.

We would normally move on directly to real economy questions, however one topic is hard to avoid... Brexit... what can we expect and what impact it is going to have on SMEs?

Brexit is somewhat of a catastrophe for EU. There is no getting around it. Much energy will be spent over the coming years to negotiate with the UK. I hope it will be a «quick divorce», as the uncertainty for businesses will result in falling investments — which ultimately means fewer jobs and



less growth. The protectionism we have seen from UK in relation to the referendum on Brexit is, unfortunately, a spreading tendency across Europe and the US. Ultimately, less free trade means lower employment and lower growth, which is detrimental to the Europeans and our SMEs.

We often hear mentioned that there is an urge to move on from the old style of market structures and trade deals to the new, modern models. In the last two decades, SMEs are already facing challenges of adaptation to the new market dimensions such as the Single Market, International Market and finally, the Virtual Market ... What would you say to SMEs that see not only opportunities, but also fears about not being able to keep up with such fast progress?

Digitalisation and the new market dimensions are a part of the new reality. Many old style businesses will be challenged in the coming years, but I trust in their ability to adjust and grow with the challenges. In addition, we will also see many new start-ups and SMEs enabled to grow faster in the virtual market. The market continues to expand with an increasing international focus and it will challenge our original concepts of doing business.

T-TIP and CETA... The question everybody is asking is if they are still going to happen?

It is proven that free trade creates welfare, jobs and growth. It seems that the public has become fearful when it comes to international free trade agreements. Among the European populations, there seems to be a wide spread resistance against both CETA and TTIP. As politicians, we have a responsibility to explain to our citizens why free trade agreements are beneficial to all. I am very concerned for the future of trade agreements now that CETA will be a mixed agreement, which is ridiculous to me. Who believes in a smooth ratification in 27 EU countries? Moreover, if CETA proves unsuccessful, TTIP will surely suffer the same fate.

We are going more and more international, but is our own Single Market at «home» really complete?

No, I think it is quite clear that the single market, for goods as well as services, is not complete. We are still lacking effective standardisation and mutual recognition in terms of goods, and the single market for services is far from realised in practice. In this field, we have a lot of work ahead of us — not just in policy-making, but also in stronger governance of existing rules.

In your opinion, despite all conditions of the legislation created, what are the practical obstacles for our SMEs to go cross border within the EU? (Language, roaming, lack of trust or network?)

I think SMEs face numerous different challenges when operating abroad — mostly we hear administrative obstacles as interaction with local authorities can cause problems. This is of course a combination of a need for improved legislation, but also a need for better governance of the rules governing the Single Market. One practical solution to facilitate cross-border operations for SMEs that springs to mind is a

Danish example: Bringing in academics to SMEs will enable easier access to foreign markets by helping tackle the administrative work, so that the business can focus on its core activity — be it production of goods or delivery of services.

Could the Digital revolution break down these walls?

Yes, the digital revolution certainly offers new tools to facilitate cross border trade. Besides, the obvious easier market access through online sales, digitalisation of interaction with national and local authorities, digitalisation will also enable SMEs to better enforce their rights in the Single Market and support smoother cross-border operations of businesses.

Is the Virtual Market — the new Free Market? Or might there be new «walls» to overcome here as well?

Without being an expert in the Virtual Market, I would say that it offers a great range of new possibilities to SMEs that we have never seen before. The possibility of reaching a larger audience quicker and cheaper being the fundamental benefit. Positively, through these new opportunities, we will also see new and existing challenges applying to a wider scope of SME, based on the enlarged market on which they can operate. This includes the VAT-rules, the potential «sales obligation» under the Services Directive and the fragmented conditions on the delivery market. Just to name a few. In terms of e-commerce, we will of course have a responsibility to protect the interests of SMEs in the negotiations of the upcoming EU legislation.

Cutting red tape... Would you agree, there is a bit of a paradox: «the EU is a Bureaucracy, but at the same time it cuts bureaucracy... the EU produces overregulation, but equally contributes to simplification?»

Yes, in principle I agree. However, I have to stress that — generally speaking — we produce too much bureaucracy, especially for our micro businesses in the EU. We must improve in exempting these businesses from new requirements that can cause red tape. However, regulation to make the Single Market function is a necessity to promote growth and a level playing field in Europe, which I think most people would agree, is worth safeguarding. In addition, I also see some positive initiatives in the EU working actively to abolish over-regulation and red tape — for instance the REFIT-platform which scrutinises suggestions from businesses concerning improvements of EU legislation.

We are all often talking about Start-ups, however 80% of Start-ups cease to exist after the first two years. Is it a natural process, or rather a shortcoming from our own side?

It is unavoidable that some businesses will cease to exist. This is a natural development if the idea that built the company is not viable. However, we know that the lack of access to finance is most often the shortcoming.

What is next on SME Europe's agenda?

Access to funding and capital, access to markets and the fight against red tape.

# HOW TO TRADE WITH CHINA?

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By Economiesuisse and Iuliu Winkler

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# economiesuisse

Sandra Ruckstuhl,  
Project Manager,  
Foreign Economic  
Policy

Patrick Eugster, Scien-  
tific Associate, General  
Economic Policy

## **The giant has not gone to sleep: Outlook remains positive for Trade between Switzerland and China**

China's economic growth has cooled down to «normal temperature». But there is still a great deal of potential for Swiss companies to further develop trade with China. The free trade agreement between Switzerland and China is a central success factor for the continued positive development of trade between the two countries. In the past few months, the gradual slowdown of economic growth in China was the predominant topic in the financial media. At 6.7 percent, the growth rate of China's economy in the second quarter was again below the 7 percent mark. Although the development of China's gross domestic product was unchanged versus the previous quarter, there are no signs as yet of a trend turnaround. The trend that has been observed in recent years towards slightly, but constantly, falling growth rates thus appears to be persisting. The development of trade between China and Switzerland was nonetheless positive again last year, though with imports and exports each only up by 1.6 percent. In view of the combination of a cooling economy and last year's turmoil on the equity markets, it is no wonder that there is currently some uncertainty among investors as well as exporters. Does this mean that the «golden age» is gradually coming to a close for the Asian giant and there is now a case for greater restraint?

## **Return to healthy growth**

It is a fact that the Chinese economy continued to cool down in the last few quarters and has been posting growth rates below 7 percent for the past year. The development on the equity market was also far from pleasing last year, with the index of the leading listed companies (FTSE 600 China Index) losing up to 50 percent of its value within a very short period. It is hardly surprising then that the Chinese central bank reacted by cutting interest rates and devaluing the yuan in an effort to stimulate the economy. However, international organisations such as the OECD and the IMF have expressed their doubts that China will be able to post growth rates of ten or more percent again in the foreseeable future. Is it really a matter of concern that such figures may be a thing of the past? One could in fact argue that the current slowdown of China's economy is a healthy and necessary development that can be described as a soft landing. After a period of several years during which China displayed

certain overheating tendencies, it could now be said to be cooling down again to «normal temperature». In structural terms, too, several factors point to slower growth rates over the long term. The giant is slowly but surely attaining its economic adulthood: demographic trends are causing the labour force to shrink, and the strong surge in development has altered the structure of the economy (China is no longer the «workbench» of the world). By contrast, the turmoil on the equity markets may be interpreted as a radical adjustment of the overheated economy. Happily, the situation has grown calm again in recent months, and a somewhat slower and more stable development would certainly be welcome.

## **Still plenty of potential**

The fact should not be overlooked that, despite its slowdown, China's GDP growth rate is still between 6 and 7 percent. This means that plenty of potential remains for Swiss companies to intensify and further develop their business relations with China. In the past few years, China has evolved into Switzerland's third largest trade partner behind the EU and the USA, and this development can be expected to continue, not only due to the fact that China's economy is still growing, but also because of the country's ongoing structural transformation. Changes in Chinese production towards the manufacture of high-quality products and a constantly expanding middle class with rapidly increasing purchasing power can be expected to have positive effects for Swiss companies.

## **Advantages for trade between Switzerland and China**

In view of the above considerations, the free trade agreement between Switzerland and China is a central success factor for the continued positive development of trade between the two countries. This agreement, which entered into effect on 1 July 2014, paved the way for improved market access for goods and services, and gave rise to increased legal security as well as better protection of intellectual property. Once the transitional periods have come to an end, savings on all customs tariffs for Swiss export goods will amount to around 80 percent. Clearly, the free trade agreement offers advantages to both partners today and over the long term, and Swiss companies are consequently interested in intensifying relations with the Chinese economy. The interest on the part of Swiss companies is correspondingly high. According to the State Secretariat for Economic Affairs (SECO), in the first year following the conclusion of the free trade agreement, approved exporters<sup>1</sup> sent more than 52,000 consignments to China using the simplified procedure for declaring origin. This is equivalent to an average of more than 200 consignments a day. While both imports and exports confirm the positive trend. In the first half year 2016 Swiss exports to China increased by a relatively modest 1.6 percent and imports by 3.8 percent each versus the same period last year. Trade with China continued to develop extremely very pleasingly in comparison with the figures for Switzerland's other trade partners (imports, -7.0 percent; exports, 5.1-2.7 percent; imports, 3.9 percent). This is especially remarkable given the slowdown of economic growth in China.

<sup>1</sup> Approved exporters are companies that hold a licence entitling them to a simplified procedure for the issue of certificates of origin, i.e. declarations of origin that can be displayed on invoices, generally without a limit in terms of value, and are exempt from the requirements of signature by hand. For more information about approved exporters, see: [http://www.ezv.admin.ch/zollinfo\\_firmen/04021/04023/04024/04986/index.html?lang=en\\_pme@economiesuisse.ch](http://www.ezv.admin.ch/zollinfo_firmen/04021/04023/04024/04986/index.html?lang=en_pme@economiesuisse.ch)



## The Market Economy Status, a thorny issue on the table

The Strategic Partnership between the EU and China involves various cooperation avenues in key sectors, such as trade and investment, IT connectivity, social mobility, environment, or security and counterterrorism, benefitting from High Level Talks in diverse configurations, under the framework of the jointly agreed EU-China 2020 Strategic Agenda for Cooperation.

The bilateral relationship sees a high degree of complexity, witnessing distinctive levels of input in different sectors. The cooperation on trade and investment is equally intricate, given the diverse bilateral arrangements Beijing has strived for with individual EU Member States (MS). This has brought a certain level of ambiguity in the overall relationship, as the EU also wishes to enhance its own significance as a single entity in the global trade system, following the augmented provisions of the Lisbon Treaty as concerns foreign policy and trade. 2016 is an especially challenging year, as WTO members are faced with a decision concerning the way forward in their trade relationship with Beijing, following the expiry of certain provisions in the Chinese Accession Protocol to the organization. The EU has thus to formulate a response to this matter by the end of the treaty deadline in December, identifying the legal effects and the potential amendments to the Union's basic Anti-Dumping Regulation in the matter of China's Market Economy Status (MES).

While there is substantial progress according to the five criteria set up by the EU to define a ME, China is clearly not a Market Economy. Administrative decisions distort the markets, subsidies are current, and there is a global problem of Chinese overcapacity in certain sectors, steel to name but one. Stopping the use of European Trade Defense Instruments could harm between 250.000 and 3.000.000 jobs in the EU. Until the end of the year, this issue has to be solved, new TDI have to come into force as to provide for efficient protection of European industries against dumping and maintain the level playing field.

Though the issue of MES has seen quite a bit of attention in the media, other on-going polemics are ought to also be taken into consideration. Whereas the business environment seems to deem negotiations on the EU China Comprehensive Agreement on Investment (CAI) as more important for the overall economic relationship, MS governments address a higher priority for the possible linkages between the Chinese One Belt One Road (OBOR) initiative and the inflow of Foreign Direct Investment (FDI); at the EU level, OBOR is noteworthy for its potential contributions to strengthening the European Investment Plan.

Overall, on this backdrop, the investment negotiations appear to surface as the common denominator, conferring CAI the highest priority on the bilateral EU China trade agenda. The EU deems this as key in its pursuit of a deepened and rebalanced relationship with Beijing. There is of course the horizon of a Free Trade Agreement between the EU and China, as quite frequently reminded by our Chinese counterparts, but there are many areas in which substantial progress is needed in China before an FTA negotiation can begin.

The EU industry and businesses recognize that CAI has the potential to secure improved market access for European

companies in China, while, given its nature as a comprehensive agreement, also providing more effective guidelines as regards investment protection and dedicating an explicit chapter for SMEs; the ambitions are hence going beyond those of the currently enforced bilateral investment deals with individual MS. Levelling the playing field, building trust and predictability and ensuing continuity in the EU-China trade policy can be a pertinent step towards further trade cooperation and increased investment in a mutually beneficial relationship. Therefore, in light of the Strategic Partnership and leaving aside the media attention on MES, the CAI negotiations gain resolute prioritization.

The latest Chinese strategy for economic development sets out the ambition of shifting from an export driven economy towards one of internal consumption with an advanced service sector. This entails serious reform initiatives from the Beijing leadership, and yet, in spite of vocal and recurring pledges of the high ambitions as concerns market reforms, international experts and local analysts provide one with a rather contradicting picture. There is a chapter dedicated to SMEs in the CAI, but still important progress is needed, since small and medium operators find it increasingly difficult to enter Chinese markets. The EU Chamber of Commerce in China reports, in its yearly study, a Chinese environment riddled with bureaucratic burdens, market distortions and unfair competition. European businesses are witnessing discrimination as compared to local entities, heightened risk for investment under the current rather harsh regulatory requirements, and an uneven dynamic as regards government support measures and subsidized local businesses. The newly released External Action Service and EU Commission Joint Communication on elements of a novel EU strategy for China further argues that as long as China does not reform its state-led economy, and proceed to allowing a fairer, market-regulated setting to thrive, it will also fail in addressing its overcapacity problem which is impacting negatively not only on the local market but also on a global scale.

The EU is hoping for advances on these hindering factors, and is making use of its negotiations on CAI to promote some practices that will lead to mutually beneficial effects on the two economies. With the 11th round of negotiations concluded at the end of June this year, the parties are now still engaged in the technical detailing of the various provisions and their terminology; the 12th round is expected to build on the consolidated progress of the July 2016 EU-China Summit which tackled CAI as a high priority point on the trade agenda.

Iuliu Winkler, Member of the European Parliament, First Vice-President of SME Europe



# There is no Future for the EU without Strong Regions

by Franz Schausberger

**T**he growing political and economic strength of the regions in the EU has now led to the general knowledge, that the regions are not mere «implementing agencies» for policies and legislation of the European Union. They all have very different skills and want to maintain and develop their own political, economic and legal arrangements. This is also because they want to take their political responsibilities for their citizens seriously.

The question at the end of the day is the direction in which the European Union will develop further. The reform treaty of Lisbon shows the form of this further development, as it strengthens the subsidiarity principle, strengthens the regions

acknowledge the different cultures between the regions.

We must not create a centrally organised Europe, but rather «A Europe of strong regions». The European Commission must set itself a stronger future programme, which bases itself on the active strengthening of regions in individual member states and of candidate countries. Decentralisation, strong regions and local self-administration should really be forming part of the accession criteria for EU membership.

The European Commission has until now, always held back on the question of internal structures of the enlargement countries. As a result, until recently, the governments of

## «We must not create a centrally organised Europe, but rather a Europe of strong regions»

and communes and also strengthens some institutions on European level, particularly the European Parliament. The task now is to implement these provisions to deepen integration. The EU, despite the fact that there is an ongoing financial and economic crisis, is distracted from the focus of these fundamental issues.

The nation states will be rendered meaningless in the future, the counter weight towards a strengthened EU are produced by the regions. Only through being a democratic, citizen friendly, trade effective Europe, which enjoys the confidence and trust of its citizens, can the EU successfully develop further. A healthy Europe should also respect and

many countries have heavily neglected the necessity of regionalising and decentralising. In the future, the European Commission must place more pressure on implementing the subsidiarity principle, otherwise these countries will insist on guarding their centralisation with all the negative accompaniments such as corruption and party political allocations from subsidies.

This goes for the south eastern European countries, who long for EU membership. Weak administration, a higher degree of politicisation and corruption as well as a considerable lack of public transparency, are the sort of characteristics springing from mind, when one generally thinks of

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the regions, towns and domains of South Eastern Europe or Turkey who are on the way to eventual European integration. The reports of the European Commission have shown this for years, without any noticeable tangible changes. Without this power, local and regional governments of the EU accession countries such as Macedonia, Montenegro, Serbia, and of course Albania, Bosnia & Herzegovina, Kosovo and Turkey, will have a very difficult challenge ahead of them. Therefore, it is completely necessary to include these regional and local representatives in the accession processes. Without this, the backlash of enormous problems will be severe, especially through the implementation of EU policy and the use of EU funds, which have been forecasted

and democratic institutions, such as regional assemblies and governments, municipal councils and mayors, the election processes must also be raised urgently to a European level. The Institute of European Regions set-up by myself in 2005, in order to support the regions of these countries throughout this process, now has a network of 120 members, including regions, cities and businesses.

I am convinced that a well understood decentralisation and regionalisation could significantly increase the satisfaction of regional citizens and local authorities, thereby strengthening the entire state. So far, the only actual real desire for regionalisation and strong regional

ic and non-violent. The EU must not fear state formations in their areas, sometimes it may be better that a separation occurs, only to be brought together again by EU integration.

The European regions, towns and communities will be of increasing economic concern, as they are rapidly becoming the investors, contractors, and therefore the initiators of economic stimulus and job creation. In light of this, it is important that the regions support strong small and medium sized business, thus promoting their own development.

SME Europe is the only organisation which caters to the concerns of small and medium sized enterprises on a European level and advocates the

## «The conditions for launching meaningful EU projects, is ensuring that the regional and local authorities have the necessary expertise to ensure those results»

to reach 11.7 billion euros worth of support for the accession process between the years 2014 and 2020.

The conditions for launching meaningful EU projects, is ensuring that the regional and local authorities have the necessary expertise to ensure those results, this means that the affected countries must decentralise their structures, regionalise concede greater autonomy to their communities, cities and regions.

We must ensure: adequate funding for regional and local governments and better training for their staff,

selfgovernance, comes in the form of independence or separation from a mother country. However, where this urge for independence exists, it cannot be prevented by centralisation. On the contrary, centralisation has accelerated and amplified the process of secession. In the cases of those for who the path of independence is unstoppable, the EU must develop a strategy and a concept of «internal expansion», which will change the the EU's internal borders without putting the EU itself at risk.

The EU's ultimate goal and aspiration must be that the process is democrat-

strengthening of small and medium sized corporate structure and culture. This is necessary, in particular in the earlier so called «eastern block» countries, as they don't have the strong tradition of small and medium sized enterprises.

The aim of SME Europe is to allow small and medium sized enterprises the development of the regions and communities, and also to centralise and counteract the existing regional disparities. The jobs in these regions are ensured and achieved through SMEs. This is what I consider to be of the most urgent of tasks for SME Europe today.







A low-angle, sepia-toned photograph of a modern building with a grid-like facade. A tall, slender flagpole stands in the foreground on the left, extending from the bottom towards the top of the frame. The building's facade is composed of a dense grid of rectangular panels, with several windows visible. The sky is visible in the upper left corner, showing some clouds. The overall tone is warm and historical.

Special





**«The success of  
our SMEs belongs  
to a bigger story.  
If millions of  
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background —  
are able to start  
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it bears witness  
to the health and  
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society»**

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by Jean-Claude Juncker



# Europe's SMEs: the Lifeblood of a vibrant Society

**E**urope's economy should celebrate its small and medium-sized enterprises. From the high-street retailer to the digital start-up, they are the unsung heroes of day-to-day business. Today, 99 out of 100 European businesses are SMEs. They account for two in every

that underpin our free society. While we often measure our progress in percentages of GDP growth, the European Union's most enduring and invaluable achievement is surely a way of life that reconciles freedom, equality and diversity; a society that believes prosperity and social justice

**«When I took office, I promised to focus on the big things that really matter to our citizens: creating new sources of jobs and growth by deepening our Single Market, and negotiating new trade agreements with our international partners around the world»**

three employees and 58 cents in every euro of value added. At a time when the European Union needs more jobs and growth — the most urgent of the Commission's ten priorities — we want to put in place the best conditions for doing business.

The success of our SMEs belongs to a bigger story. If millions of Europeans — irrespective of their age, social and cultural background — are able to start their own business, it bears witness to the health and vitality of our society. For this economic freedom is built upon a foundation of values and principles

should go hand in hand. This is the precious eco-system which allows our SMEs to flourish, and we should be proud of it.

When I took office, I promised to focus on the big things that really matter to our citizens: creating new sources of jobs and growth by deepening our Single Market, and negotiating new trade agreements with our international partners around the world; improving the conditions and diversifying the sources of funding for investment by launching the Investment Plan for Europe, the Banking Union, the Capital Markets

Jean-Claude Juncker,  
President of the  
European Commission

Union and the Single Market Strategy. Our Better Regulation agenda has a clear focus on the challenges facing SMEs, starting with the 23 major initiatives we are launching as part of the work programme for this year.

The world's biggest single market — and one of the European Union's greatest achievements — is central to these efforts. In 2016, our 500 million consumers are served by 30 million businesses generating €14 trillion of economic value. For every small business across Europe, this represents an enormous source of new opportunity. Our job is to help them tap into that potential. In my eyes, this is where we can do more. The European Parliament, in its report on the costs of non-Europe, estimates that a fully functioning Single Market could add more than €1 trillion to our economy. The Commission has valued the potential of our Digital Single Market alone at more than €400 billion.

This is why the Commission has launched a comprehensive strategy for the Single Market that will allow consumers to shop online as easily

as they do in their high-street, and access any service on any device wherever they are. For SMEs across Europe, we need to make online business as simple and cost-free as possible.

ple dream about starting their own business but never take the first step. When it comes to the fast-growing collaborative economy, we can help by providing legal clarity and more consistency in the application of the rules across the EU, striking a balance between commercial freedom and consumer protection — the Commission published new guidelines in June this year.

In short, every part of our strategy for the Single Market is designed to help small businesses. But let me underline one priority that is particularly urgent. Today, many entrepreneurs complain about the complexity of VAT regulations, the uncertainties over company law, the fear of punitive bankruptcy laws, and the barriers to innovation. In other words, the life of a start-up could be much simpler and more certain — and it should be. This is why we have launched a broad public consultation on the obstacles confronting European start-ups and companies wishing to scale up in the EU, and I encourage all stakeholders to respond.

the United States. In 2014, the money raised by European venture-capital funds was one fifth of the amount raised across the Atlantic. Therefore, our goal is clear: to help SMEs enjoy better access to venture capital, public capital markets, securitisation and crowd-funding.

The EU already offers its own financial instruments to kick-start investment: thanks to our European Structural and Investment Funds, as well as our EU-level COSME and Horizon 2020 programmes, we provide loan guarantees and venture capital. And now our €315 billion Investment Plan for Europe is already giving 150,000 small businesses better access to finance. On the back of a good start — the Plan has mobilised more than €107 billion in extra investment in its first year — the Commission will this autumn propose to extend the plan beyond 2018.

The Investment Plan for Europe supports our SMEs for a good reason — it is they who create so many of the new jobs we need. In our Member States that suffered during the crisis, they

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as they do in their high-street, and access any service on any device wherever they are. For SMEs across Europe, we need to make online business as simple and cost-free as possible.

There are obstacles in the physical world too. Unjustifiably high delivery charges make it difficult for smaller retailers to expand into new markets. The price of delivering a small parcel to another Member State is often up to five times higher than at home — even when the destination lies just the other side of the border. We are now taking action on this. Our start-ups deserve extra support. Many peo-

We are also tackling difficulties related to access to finance. Across Europe, most SMEs are largely dependent on traditional bank financing, which has its limitations, particularly as we continue to emerge from the global economic and financial crisis. Last year, there were signs of progress: the number of SMEs failing to receive the full bank financing they needed fell to 21%; in 2009 the figure was 45%. At the same time, the rejection rate for bank loans fell to 8%. With our Capital Markets Union we want to give small businesses more choice, by diversifying sources of financing. Today, capital markets in Europe still lag behind those in

are the companies that build a new and better future. For many of our migrants, they are the path to integration. These are some of the reasons why the Investment Plan for Europe was my first major initiative, and why it remains just as urgent today. I want the Plan to be a game changer, because that is what Europe needs. Not just more investment, but a different way of doing things. We owe this to the small and medium-size enterprises across our 28 Member States. They are the engines of new growth, the creators of jobs, the drivers of innovation, and the lifeblood of a vibrant society in which men and women are free to exchange, trade and invent.



# How can SMEs successfully stabilise Europe?

by Antonio Tajani

Antonio Tajani,  
President of the  
European Parliament

**T**he future of Europe and the European Union depends on the wealth of our families, entrepreneurs and SMEs. The European People's Party (EPP) strives to protect them within the European institutions, working on a daily basis upon the belief that growth is the core business of our policy.

European values walk on the SMEs legs: hard work, enterprise, innovation.

We are pragmatic, not ideological. We build upon numbers and facts: there are more than 20 million SMEs in the Euro area only, which means jobs for more than 80 million people (i.e. 2 out of 3 employed in a small or medium company).

SMEs account for 99.8% of European enterprises, generating 55% of the overall European GDP.

The EPP has always been the point of reference for this dynamic and laborious world which only requires (and asks) not to be blocked by unnecessary rules and burdens as well as by an unfriendly bureaucracy.

We support the real economy, we want to create jobs and competitiveness. The good bureaucracy helps companies instead of killing them. Our faith in the social market economy requires a strong capacity of generating wealth. Without wealth, there cannot be any welfare.

Our SMEs, however, have to face difficult challenges as mentioned above: access to finance and bureaucracy.

SMEs remain largely reliant, and even more since the beginning of the economic crisis, on bank-related lending to finance their activities and their new ideas. Growth is not an empty word. It is a concrete goal. In this sense, we have to restore the role of banks in financing our entrepreneurs and secure straight access to finance.

As EU Commissioner for Industry and Entrepreneurship I have strongly fought in favour of the SME Supporting Factor that reduces the capital requirements for lending to SMEs. Now, as Vice-President of the European Parliament, I continue with the same spirit. And together with colleagues of the EPP, through our work and our oral question with debate in the plenary session we have been able to confirm and extend the appliance of the Factor.

But also, when looking at the banking regulation it should be proportionate to the needs and the risks. This

is why together with EPP colleagues we have made sure that the Basel Committee's revision of the standardised approach for credit risk will not lead to adverse effects and reduce the lending capability of banks, in particular to SMEs.

Those are concrete things that will positively impact SMEs and consequently growth and jobs in the EU. If we want to fight populism we have to deliver to the European citizens.

So we need to do more. Even the the Competitiveness of Enterprises and Small and Medium-sized Enterprises programme (COSME) and Horizon 2020 will not be enough to finance SMEs. For this reason, the EPP has been from the beginning in favour of a Capital Markets Union which can ease the access to alternative forms of financing, including crowdfunding and a strong framework for venture capital.

Another difficult and long-lasting challenge is our fight against the «bad bureaucracy» and the delayed payments by the public administrations of several countries to our SMEs.

The smaller a company is, the more time it spends on dealing with regulatory tasks that means that it will spend less time creating growth and jobs. It is therefore important to create positive conditions which includes reducing costs of compliance to a minimum.

At the international level, the European Industrial Renaissance will only be possible if our SMEs will become competitive in the world market. But, many small companies in the EU struggle to internationalise their business. Only 25% of EU-based SMEs export at all and an even smaller portion export beyond the EU, 13%. This is why a former EU Commissioner for Industry I organised the 'Missions for Growth' with the aim to help European enterprises to better profit from fast growing emerging international markets.

I remain convinced that next to our traditional diplomacy, the EU should develop a real 'Economic diplomacy'!

The key point is strategy and policy making. We deeply believe that in Europe we will not have growth and jobs if we do not deliver in favour of our small and medium entrepreneurs.

So let's stand united and work together for our SME's!





# EPP — Champion of Small and Medium-Sized Enterprises

by Joseph Daul

**T**hroughout the EPP's existence, we have always kept SMEs at the heart of our policy-making. That legacy lives on now stronger than ever. We recognise the immense contribution to the wellbeing of our citizens which SMEs make year after year and generation after generation. Entrepreneurs running SMEs are the backbone of every European economy and serve as creators of jobs, wealth and innovation. Unfortunately, though, SMEs are seldom given the praise they deserve. An incredible 99% of all companies in the EU are SMEs, employing two in every three employees. Without SMEs, Europe would not be Europe. The SME-based economic model is so engrained in our society that often SME contributions to growth, innovation and job creation are taken for granted.

As a party, we are committed to conducting politics, drafting policies and implementing legislation that takes into account the unique situation and special concerns of SMEs, such as cutting red tape and securing access to financing and to the European Single Market. We — the entire EPP family in the European Parliament, in the European Commission and with all our member parties — are working on a number of approaches to deliver tangible results. The European Fund for Strategic Investments (EFSI), the Capital Markets Union and the Energy Union are just a few of the European initiatives to help SMEs which the EPP has called for and always supported.

Boosting investment was one of the core electoral promises we campaigned and won on in the 2014 European elections. Our candidate, President of the European Commission Jean-Claude Juncker, along with the Commission Vice-President for Jobs, Growth, Investment and Competitiveness, EPP Vice-President Jyrki Katainen, are delivering on our promise. Providing investment opportunities for SMEs is extremely important for the long-term prosperity of our continent. If our SMEs are not investing, our continent is falling behind in terms of global economic competition.

The European Fund For Strategic Investments is a tool which intends to mobilise investments in innovative projects and companies, especially SMEs, across Europe. The economic crisis has made it more difficult for many small and medium-sized companies to access the financial resources needed to start or continue projects that would in turn benefit entire communities and create new jobs. EFSI is the right tool for bridging this gap: for gathering and channeling money into innovative SMEs, businesses and projects which will then lead to growth, more innovation and new opportunities for citizens. EFSI, through its two pillars, infrastructure and SMEs, has struck deals during its first nine months of operation in order to provide financing to over 140,000 European SMEs. This is a tangible policy that spurs new investment, creates new jobs and boosts the economy. And we expect this to be only the beginning. By mid-2018, we believe that EFSI will have met its goal and delivered at least an additional € 315 billion in EU investment.

The EPP promised to boost investment and help SMEs with credit access. We are delivering on our promise. Another avenue we are pursuing is the Single Market. Everyone knows that large multinational companies can always obtain access to external markets. They simply have the means to go through different regulations and rules. As we are contributing to building the European Single Markets, SMEs remain our focus group. We are doing this so that many more SMEs can benefit from the new opportunities created by the various, ongoing Single Market projects. These opportunities consist not only of new export markets but also cheaper energy, better access to finance and less red tape. These are projects we are championing; no other party is as committed as we are to expanding EU Single Markets. One particularly important aspect of the Single Market is the upcoming Capital Markets Union, championed by Commission Vice-President Valdis Dombrovskis. As it is well known that credit conditions differ widely across the EU due to the global financial crisis, the EPP



Joseph Daul,  
President of the  
European People's  
Party

is doing everything we can to make sure SMEs have access to financing as cheaply and as easily as possible.

Additionally, I want to mention another of our election promises from 2014: the Energy Union. We know that in order to compete with other parts of the world, energy supplies must be safe, but prices must also remain competitive. For the time being, we have higher energy prices in the EU compared to the US, which puts our companies at a competitive disadvantage. This is why we are working to better integrate national energy grids, in order to introduce more competition, safer supply and most importantly cheaper prices for our companies. This will bring many advantages to our small and medium-sized enterprises. In order for these different parts of the Single Market to be complete, coherent and fully beneficial for EU citizens, we must have common rules. Without shared standards, our markets will not work, and neither will they function as one complete market. But of course we must do this in a smart way.

Bureaucracy and red tape must always be minimized, and all legislation must be «SME-tested». What I mean by this is that the impact of legislation on SMEs must be thoroughly researched. Laws must be designed such that no unfair or unnecessary burdens are placed on SMEs. The current EPP-led Commission, like the previous two EPP-led Commissions, is targeting excessive bureaucracy and red tape. The REFIT programme goes systemically through EU legislation in order to make sure it is fit-to-purpose. Since 2005, the European Commission has annulled over 6,100 pieces of legislation. In

total, we have managed to reduce by one third the administrative costs related to regulation. Why has there been such a push for better regulation? Because entrepreneurs running small and medium-sized businesses have been asking us to focus on it. We have been asked to tackle and to remove unnecessary or outdated laws and rules. I am really happy that this project is progressing so well.

And I can assure you that we are not yet done with this project. The EPP, through its policy recommendations and the efforts of our EPP Commissioners, will make sure that REFIT remains a permanent aspect of the Commission's work. The EPP is the party SME entrepreneurs can always trust to represent their interests in policy-making and to guarantee that their voices be heard in the decision-making process — no matter whether these decisions are taken in the European Parliament, the European Commission or national capitals.

The EPP is working on many tangible projects to deliver on its promises and make job creation, investment and growth both easier and cheaper. The EPP remains committed to this cause, and I hope that entrepreneurs running SMEs will remain a vital partner with us, too, over the coming decades, just as you have been our vital partner during our first 40 years of existence. Having SME Europe as an official association of the EPP is really important to us. We need a strong SME-based representative in our EPP family whom we can work with in order to protect and promote the interest of SMEs. This is crucial to the success of Europe as a whole.



# Shaping European Legislation to suit SMEs

by Manfred Weber

Manfred Weber,  
Member of the  
European Parliament,  
Head of the European  
People's Party Group

**O**ur European business model is not about 'big business', it is about SME's. Your sector represents 90% of businesses in the European Union. Without SME's we have no Single Market, and therefore no European Union. It is important to have a voice speaking up for SME's in Europe, as your sector does not always have the energy, space, or capacity to engage directly in the European debate.

That voice is and always will be the EPP.

We stand for creating a thriving environment for your companies. In our work in the European Parliament we believe that we need to create clear, unbureaucratic rules. The importance of reducing red tape cannot be overstated because the EU is — wrongly or rightly - attacked by anti-EU movements for being the main reason for the perceived bureaucratic monster which exists. This is why we insisted that the Juncker Commission cuts back on as many laws as possible, and does not legislate if it does not have to. We have to be European in big things, but local in small things.

As a political group, we want to help with access to markets, and more importantly, to help create better access to finance for the SME sector. In the aftermath of the financial and economic crisis of 2008, several initiatives have been put in place to improve SMEs financing in the EU. We know that this is only the start, and although our initiatives are positive, it is not enough. In the European Parliament, my Group has underlined on several occasions through oral questions and in debates, that more needs to be done to overcome the credit shortage endured by SMEs in Europe. This is not simple rhetoric, but it is at the core of our beliefs of what the European Union should be like. For SME's to be able to grow, and to fully use the Single Market, they have to have access to capital. And only through a growing SME sector we will be able to face other challenges in Europe, such as unemployment, especially among our young people.

It is worth remembering that there is exactly the same number of SME's in Europe, as there are unemployed

people — forty million. If each company was able to grow enough to hire just one person, we will not have an unemployment crisis in Europe, we would have an employment deficit in Europe.

My Group is fully aware that many EU laws directly affect SMEs, which is why we fought for a stronger SME test in the Impact Assessment that the Commission is doing before proposing EU laws. This is to ensure that there will be no negative impact of future rules on SMEs.

I believe that over the next months we have to concentrate on three issues. The first is that we have to design our funding programmes to strengthen the SME dimension, such as for instance the EU research funding programmes Horizon 2020. Access to research and development funds benefits the SME sector proportionally far more than it does large enterprises who are by in large self-funding in R&D. At the mid-term review of the Multi-Annual Financial Framework we can address these issues.

Second, it is vital to look into the implementation of EU legislation in Member States. Often EU legislation is «gold plated» and stricter rules than required are imposed. This often leads to changes to the very aims the EU wished to achieve and creates resentment to the EU institutions. I would argue that part of the misconception which existed in the United Kingdom prior to the referendum on Brexit is due to such nationally gold plated EU rules. This does not benefit the SME sector, and this does not benefit the EU either, because it continues to create gaps in the single market.

Third, most SME's are family run businesses and we need to push Member States, especially in the field of taxation and inheritance, to find ways in which SMEs can not only grow but grow over a number of generations so that the know-how and traditions that gives Europe its diversity can be passed on. The EPP is committed to the SME sector, because we believe that your businesses are at the heart of what Europe is.







A close-up portrait of a middle-aged man with short brown hair, wearing dark-rimmed glasses, a dark suit jacket, a light blue shirt, and a maroon tie with thin white and blue diagonal stripes. He is looking slightly to the left of the camera with a neutral expression. The background is blurred, showing hints of an indoor setting.

# Why SMEs should be active in Politics?

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by Peter Haubner

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**S**mall-and Medium sized enterprises are the backbone of our economy. They are integral part of our success, nationally and on the EU-level. Our economic growth is driven by twin engines — the stability and success of the entrepreneurial middle class, and the ingenuity and drive of inventors and entrepreneurial thinkers. These two forces are inextricably linked and have contributed to making the EU one of the most important economic forces in the world. Small-and medium-sized enterprises (SMEs) carried us through the global financial crisis and are now responsible for getting us back on track economically. Without them there would be no jobs, no growth and no prosperity. According to the Annual Report on European SMEs 2014/2015, SMEs account for 99.8 percentage of all enterprises in the non-financial business sector in the EU28. For every square kilometer of land surface the EU has an average of five SMEs. In 2014 they were responsible for 71.4 percent of the increase in employment in 2014 in the non-financial business sector. In total SMEs provide two-thirds of the total private sector employment in the EU; that means they give almost 90 million people a job. But it's not only the EU that profits from a high density of SME's.

In Austria, the stability and the responsibility provided by the many SME's helped the country to overcome the effects of the global financial crisis. Between 2010 and 2012 every second family company was able to increase their profits, every third SME created new jobs. As a whole, Austrian SMEs, which account for 99 percent of all companies, created close to two million jobs, help around 100.000 young people to secure the skills they need for the future through apprenticeships and generate 105 billion Euros of gross value added. On top of that, it is the SME that finance the majority of Austria's health care and social security system. I am bombarding you with all those numbers because I want to highlight the importance of SME for the economy at home but also in the EU. We would not be where we are today without SMEs. Operating as a single market with 28 countries, the EU is a major world trading power and an economic force to be reckoned with. Kalin Anev Janse of the World Economic Forum wrote in his analysis paper in 2015: «Over recent decades the [EU] has also proven to be an enviably efficient wealth creation machine — and not just for those at the top of the population, but for the entire society» and I wholeheartedly agree with that statement. The EU is an extraordinary achievement, of which we can be proud of.

In order to secure our success, our wealth and our social security for generations to come, we have to make sure that we do everything in our power to help people realize their entrepreneurial ideas and potential and to strengthen our SMEs. That means we have to further foster a business-friendly environment that has the values of the social market economy at its core. The social market economy is a system that is created by freedom and responsibility, which is based on the concept of genuine performance-based competition. Our job is to create a framework that allows our SMEs to reach their full potential. That means decreasing red tape, less regulation and more freedom. We must lift the heavy tax burden from

the companies' shoulders and therewith create room for investments and new jobs. One of the biggest struggles for SME is the access to finance. Access to finance is key to business development. Without adequate funding growth, investment and innovation is not possible, especially for SMEs. Therefore, we have to act on the EU- but also on the national level and broaden the range of finance instruments. In Austria, we took an important step last year when we passed the new crowdfunding bill. We have to find ways to overcome credit constraints for SMEs and entrepreneurs by making it easier for banks to give out loans. At the same time we have to broaden the finance options available to SMEs and entrepreneurs, in order to enable them to continue to play their role in investment, growth, innovation and employment. That is especially important in light of the challenges that lie ahead of us: Brexit, digitalization, globalization and demographic changes. It is now crucial that we as members of the EU move even closer together and emphasize our strength as a unity. In order to addresses both immediate and longer-term challenges we have to bolster our economy by implementing modern policies and creating a flexible framework geared toward steady growth and more jobs.

These policies must especially reflect the needs of the SMEs; that is where our focus needs to be. In order to best do that, it is crucial for SMEs to be part of the policy-making process, to be politically active and to influence the political but also the national discourse. New technologies make it easy to steer and actively engage in conversations. I encourage business owners to become active in politics, to form networks and to share their concerns, opinions and needs. As the Secretary General of the Austrian Economic Association I often go and visit companies to talk to the business owners but also the employees. That way I have a direct exchange and hear first-hand about the things that are the biggest threats to their businesses. I hear about their issues, get feedback, and sometimes even suggestions on how to solve a problem. I then share this information with other policy makers and together we try to create a SME-friendly ecosystem. To engage directly with entrepreneurs is crucial for my work, it provides me with insight that otherwise I would not have. I also advocate to stronger involve practitioners in the law-making process to ensure the practicability of new regulations.

In order to secure the future success of our economy, businesses need to voice their opinions and we as politicians need to listen carefully. Businesses are stakeholders too. They have a voice and should make it heard. I come from an entrepreneurial family. My father owned a construction company, which is now run by my brother in second generation. I, myself, still own a marketing company in my hometown in Salzburg. I've always had an entrepreneurial spirit and a passion for entrepreneurship. That is why I know how important the exchange between business owners and politics is. Together we have the same goal — a strong, prosperous economy. Together, we need to be part of the solution and not part of the problem. And together, we have to shape our economic landscape for the purpose of a bright future for all of us.



# A New Vision for the European Union

by Ingo Friedrich

Ingo Friedrich,  
Honorary Member of  
the European Parlia-  
ment, President of the  
European Economic  
Senate

**T**he world situation of 2016 is marked by economic and political instability, Islamist based terrorism, swathes of massed immigration, new rivalry between China, Russia and the USA, and last but not least, a huge growth of egoism and nationalism in many states throughout the world. All of this is endangering the peace which we have so importantly established.

To confront these problems facing us, the world needs a stable Europe which develops common solutions, formulates compromises and offers reassuring world influence. In reality, the situation looks far from ideal. Europe is itself occupied with its own problems, as it does not export stability, but rather imports instability. If we want to change this, the 28 proud member states and their citizens must understand that tight cooperation of states will serve a common good, they must also understand that solidarity with the weak ensures a future, and that national egoism and unilateralism ultimately bring harm to all.

It must also be comprehended, albeit arduously done so, how national interests are wisely and convincingly represented on EU level, without simultaneously bringing the whole undertaking into question. Bavaria can serve as a shining example as it is in the position to successfully represent its national interests on a national level without questioning the Federal States of Germany. Compromises are unavoidable.

The common recognized tasks of stable economic and political development founded on the basis of human rights offering those in distress the chance of self-development, are easier formulated than practiced. A glance at other states and regions urgently demonstrates this. As a result, it is no surprise that the flow of refugees is concentrated on Europe rather than Russia, China or South America, and much less so on Africa or the Arabian world. In addition, we experience the effect of the phenomenon of a 70 year peace on SMEs who face the constant challenge of constantly increased productivity through rationalization and improved efficiency leading to a previously never imagined flood of goods and price reduction.

If scarcely few new products and innovations were to alleviate this trend, they would inflict deflationary tendencies with incalculable braking effects on an already dysfunctional economy. This is also one of the reasons for the weak growth rates of gross national product in the Western world.

All in all this means that a stable and world reassuring Europe is more important today than it was during the Cold War. This Europe will however not fall from the skies as a gift from heaven, but must rather be arduously developed. If we as Germans can contribute from a central point, our place in the history books of world nations will be vastly improved.





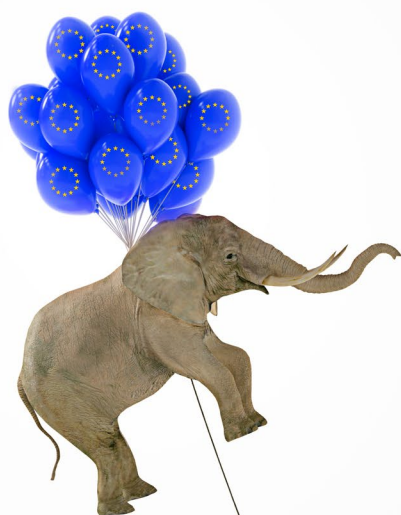


# Europe – A World Power and Life Model

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by Bernd Posselt

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If Brexit should really take place, this could well mean, what the greatest European politician, Sir Winston Churchill, said in his famous 1946 Zurich speech: A strong European federation, in which Britain is a positive partner, without belonging to it.

How and if Brexit will be accomplished, is the debate for the foreseeable future in a momentarily very unsure Europe. This is partly tactical, and also partly the lack of concrete visions. One often hears what the EU should and shouldn't be doing.

Therefore I would like to try and represent a few basic elements of which I believe will decide the success or failure of European unification.

The first objective lies with the member states. Next year, France must once more become stable and dynamic whilst Germany stays the same. The smaller member states, especially the southern and eastern states, must be treated with more respect and simultaneously must be given back that constructive role which they lost. All national politicians must finally stop blaming the European Union and its institutions for everything that goes wrong as it is usually the member states themselves who are to blame, it is also them claiming the great success of the European community.

The European institutions, especially the European Parliament elected by the citizens, and the Commission which is in turn elected by the European Parliament, should not act arrogantly but rather self-consciously, and not make pawns of the council and the member states. The inter-governmental method was a necessary solution to the currency crisis, but must now be removed permanently from the consistent application of the majority principle and the Community method. An emergency landing may save a stalling plane, but it is impossible to include it in a flight plan.

What must be done in this case? Firstly, the EU must be able to act and operate in the main fields so that it guarantees the citizens both more freedom and more security. This means: greater efficiency and much smaller bureaucratic administration, but also concrete success abroad, and in defence, security, immigration, research and single market policy. The first steps are perfectly achievable without making treaty changes and must be rapidly established in order to win back the acceptance of the citizens.

It will then be necessary to define the borders of the EU. Only then can Europe claim to be a federal state, in an

increasingly dangerous world, if it stops uncontrollably expanding. The rest of southern Europe between Croatia and Greece must obviously become part of the community as long as it fulfills the criteria and the community remains receptive. The EU cannot have a black hole in its south eastern flank. It can however not remain open to non European countries. A clear rejection of full membership for Turkey must therefore be announced (unless they create more favourable conditions) and combined with best and tightest partnership possible. Europe's citizens will accept Turkey as an important neighbour if favourable conditions are achieved, but never as a full member state of the European Union.

The third step on the way to a consolidated Europe should be opposite to the current consensus of opinion, therefore, a convention for a new treaty is needed. Before the European Parliament in Brussels, Václav Havel, the late former Czech president called for the then coming European Constitution to be written easily enough for a school child to understand. This advice was not entirely heeded, but provoked a step in the right direction. Both the Council President and the Commission President should be one and the same person in the future, and those elected by the European Parliament and controlled by the Commission must form and develop an actual European government. The European Parliament needs full legislative initiative in all areas on which the EU is responsible. In European Parliament elections, one should think about introducing a constituency system, as the competences between the EU, member states and regions are now much more clear than previously demarcated. The anti centralistic subsidiarity principle should be applied from the highest level right down to communal level, it must however under no circumstances be misused for renationalization, as sometimes seems apparent in certain conversations.

There are some areas on which we need less, but others where we need considerably more Europe, this includes; preventive diplomacy, meaning active external peace, a common representation of European interests in the world, a common European army for international crisis hotspots, a common defence of the European external borders through a European border police service made up of no less than ten thousand operators, an efficient counter cross border terrorism and crime initiative which needs a clear legal basis in the coming community treaty and must be subject to the control of the European Parliament.

All of this is needed to achieve one objective, as well as our own personal endeavours, in order to strengthen ➔

**«All national politicians must finally stop blaming the European Union and its institutions for everything that goes wrong as it is usually the member states themselves who are to blame, it is also them claiming the great success of the European community»**





European Identity. Europe has emerged from three pillars of civilisation: Greek-Roman-Christian and Slavic-Romanic-Germanic. There are also other colored spots and thus the material wealth and intellectual levels have increased. The European life model of Social Market Economy with a capital «S» made to create a good balance between the people and the market, is an «American Way of Life», but considering the planned economies so far, we stand for none of the necessary enthusiasm or necessary self-confidence.

There may be such a thing as a European patriotism, if it is not artificial and elitist, but builds on the regional and national patriotism. We have a great common culture and history, despite this, we have many present crises in

which we are doing better than our ancestors, and when we develop and implement a shared vision, we will also have a future. I hope that one day it will be said that: Brexit was not the beginning of the end for the EU, but rather the wakeup call, due to which finally something will emerge as the United States of Europe.

Anyone who believes that we Europeans could split up into individual states and survive the 21st century, is mistaken. We are only a very small percent of the world population at a constantly declining rate. European unity is not wishful thinking, nor a luxury, but rather a question of existence. Making this public is clearly the task of the coming years, which will affect all Europeans and should be finally addressed by the national politicians.

# Young Leaders







# Education as a Key for Leadership

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by Ludwig Spaenle

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**S**uccessful entrepreneurs have to make plenty of decisions every day. They are not only responsible for the positive turnover of the company, but also for the security of employment of their workers and employees. Making good decisions is vital to an entrepreneur's success and a quote which has been attributed to ancient Plato has served as a guideline for ages: «A good decision is based on knowledge and not on numbers». This phrase is still valid in today's business world and if I were asked to add something, it would be: «And thus education is the key to entrepreneurial success!»

Much depends on the quality and structure of the school system, the universities and teachers. The Bavarian school system strives to ensure that each and every pupil gets the best education possible and takes pride in the excellent reputation it enjoys. Yet, Bavaria is not resting on its laurels but continues to substantially invest in our school system in order to enable young citizens to seize their opportunities in the business world. The flexible and multifaceted Bavar-

graduates can decide whether they want to achieve further qualifications or begin a professional career.

Economic education is a compulsory requirement in the curriculum of all secondary schools in Bavaria. Eventually, all pupils will encounter the world of business, whether they work in urban or rural areas. They must be prepared to engage in business activity with confidence and competence. Young people need to understand how business functions, the role it plays in our society, the opportunities it generates, the skills it requires, and the impact it can have on their own lives and on society, today and in the future. Education at Bavarian secondary schools builds a strong foundation for those who wish to move on to further study and training in specialized areas such as management, international business, marketing, accounting, information and communication technology, or entrepreneurship. It also provides practical skills for those who wish to move directly into the workplace. One of the particularities of the Bavarian schools system is a school

knowledge to schools and give pupils insight into work life and so far this cooperation has paid off well for all parties involved.

Moreover, Bavaria is home to a number of excellent universities and universities of applied science. Regardless of whether students take their final exams in metropolitan regions like Munich or Nuremberg or finish their doctorates at universities in the different regions of Bavaria: The demand of companies for these graduates has remained very high for years. In recent years we have invested greatly into the quality and standards of our universities. Excellence clusters have been formed and new courses of studies have been established, to mention but two examples of the on-going developments in education and science. Whether graduates choose to join companies or establish their own start-up and start their own business, the foundation for success is laid by good education and personal efforts.

However, in order to become a successful entrepreneur it is not enough

**«Economic education is a compulsory requirement in the curriculum of all secondary schools in Bavaria. Eventually, all pupils will encounter the world of business, whether they work in urban or rural areas»**

ian school system with 13 different types of schools, offering various areas of focus, requirements, goals and speeds, ensures that pupils can find the most suitable path of education for themselves. As a rule, every student is eligible to enter the next higher academic level after receiving a school-leaving certificate. Based on the principle of permeability, each secondary school is allowed to award its graduates an intermediate school-leaving certificate. Therefore, when a child leaves primary school and is placed into a secondary school, the child's educational path through the school system is by no means set in stone. This also means that

type that has for many generations educated commercial trainees: the business school (Wirtschaftsschule). It is a school preparing for a profession. It conveys general education and basic skills in the occupational field of business and administration. Additionally, the Bavarian Ministry of Education, Science and the Arts cooperates with leading economic institutions, associations and foundations in Bavaria. Many benefits for pupils, students and teachers as well have been established due to this cooperation, such as scholarships or the project «Lehrer in der Wirtschaft» (teachers in the business world). It is our concern to bring business

to know facts and figures. Education in Bavaria is more than teaching balances and vocabulary, as our schools follow the principles laid out in the Constitution of Bavaria: «Schools shall not only impart knowledge and skills but also develop the nobleness of the heart and the character» (Art. 131). We try to make sure that every teenager and young adult who leaves school has the best opportunities on the job market commensurate with their individual talents by promoting self-confidence, courage and a positive attitude towards our culture and society.



# Chances and Obstacles for young Leadership

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by Georgios Chatzigeorgiou

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Over the last years, the EU has been facing an unprecedented crisis. After the euphoria of the 1980s and the accomplishment of the European Monetary Union in the 1990s, it can be argued that the European project has lost much of its dynamism. The global financial crisis has caused considerable problems in many parts of Europe and its impact on socio-economic developments has been immense. As a consequence, the polarisation between the Mediterranean regions and more prosperous North-Western Europe has been exacerbated. Unsurprisingly, the economic situation has sparked widespread political reaction. Together with renewed terrorist threats and a huge influx of refugees into Europe, it has caused a domino effect allowing populist parties to attract voters with their nativist and Eurosceptic positions. They will likely continue to do so as long as the above problems remain policy priorities. The idea of a «United Europe», as proclaimed by Winston Churchill and the other founding fathers of the European Union, is being challenged.

It is therefore factual that our generation in Europe has experienced a long-standing period of crisis, without having had a say in the creation of the system that caused it. On average, we are faced with unprecedented youth unemployment, we are the ones who suffered most from social, ecological and political decisions taken by our elders — and ensuing developments have indeed adversely affected young people's perception about politics.

Young people are worried about the future and are concerned about those who represent them, the decisions of whom have proved to have real consequences for real people. If we want to be honest with ourselves, politicians are not always listening to the real concerns of people and sometimes they seem to not understand that politics is not a game. Certainly, in many aspects politicians need to better themselves but at the same time young people walking away is definitely not the answer. It is really disappointing to note, that according

to a study by the European Youth Forum, 72 per cent of 16/18 to 24 years old did not vote in the 2014 European elections, while more than 50 per cent of 65+ olds did. Such figures are unacceptable. If young people want politics to change, they must also be willing to participate.

Therefore this is a two-fold problem: On the one hand, society is gradually losing trust in politics amongst others due to the crises that occurred in the last decade attributed to bad political decisions. On the other hand, the vast majority of young people have chosen to voluntarily abstain from participating in decision-making. This is highly problematic as young people have different perspectives and a host of different ideas: by voicing their opinions, we could move the political world forward and avoid generation gap issues. If we want to resolve this existential problem at the core of our democracies, we need to take urgent and efficient action to increase young leadership.

Approximately 30 per cent of Europeans are below the age of 30. This age group should be adequately represented in national and European Parliaments which is not the case today. We are not talking about the need of teenage politicians but the point here is to encourage young adults to take a more effective role in politics. There are certainly ways to facilitate that and the assistance of the state in achieving this is essential. For example, a youth-friendly legal framework is crucial which enables youth political participation. In many countries, laws stipulate an eligibility age to run for parliament which creates a gap between the legal age of voting age, on the one hand, and the age at which an individual can serve in elected office. Also, although youth quotas are used as a means to elect more young parliamentarians in certain countries, the majority of these limited seats are allocated to candidates pushing the boundaries of the concept of «young», often defined as less than 45 years old. All European countries should introduce quotas for young people of maximum 35 years of age.

Furthermore, in line with the digital revolution, it is time to embrace e-voting to encourage higher turn-outs. Research indicates that young people were more than half as likely to turn out for an online ballot than vote at a polling station. It further alludes that people who vote online are more likely to hesitate on what to vote. Lastly, more research should be done in relation to lowering the voting age to 16. Lowering the voting age in conjunction with a proper political and civic education at schools can instill a habit of voting in young people and encourage them to become involved with decision-making.

Hence, last but not least we should not forget the role of education in all aspects of our lives and that includes the youth engagement in democratic life. In this regard, free political education is seen as a requirement for more participation. For example, it would be efficient to include a practical element in learning about democracy, at a formal and non-formal level. It is also deemed essential to make political education compulsory at a very young age. That would entail that pupils come across hopeful and engaged role models, learn more about their political history and government structures and most importantly learn the importance of being an active citizen.

To conclude, I believe that the rhetoric that young people hate politics is mistaken. There are young people in our society who volunteer and dedicate their lives to serving political parties, governments, civil organisations or other non-for profit organisations involved in politics. Some devote themselves and their time because they are compelled to change the status quo; some join in because they want to work with people they think alike, some because they feel duty bound. What is to a certain extent true, is that many young people have started to develop a dislike for politics while they should play a much more important role in politics and in everyday life. Supporting more young leadership is not merely good, but necessary for society.

Georgios Chatzigeorgiou,  
Chairman of European  
Democrat Students



# Regions and Responsibility

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by Dietrich Aden

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Paris, London, Frankfurt and Brussels are sophisticated European cities in which research and education is operated by large international companies, it is these that stand for the strengths and success of the European Union. Whether this be the new European Central Bank headquarters in Frankfurt, or the skyscrapers in London or Paris, they may however obscure the fact that the true economic strengths of Europe come from somewhere else. Europe's strength lies in its regions, both culturally and economically. This also means that Europe's weakness also lies in the regions if the investment isn't made in their economic future.

Let's take my own home region, North Rhine-Westphalia, as an example. The most populated western state in Germany (over 17 million inhabitants) is a good example of how the local economy is connected with the European Single Market. Recently, the trade volume of imports and exports in NRW was at 338.8 billion euros, of which 244.3 billion euros were traded with the 28 member states of the European Union. Some of the most important European trading partners were among them including; the Netherlands, France, Great Britain and Belgium. The economy in NRW is home to some of the biggest companies in the cities (ThyssenKrupp and Bayer) along with its 747,000 SMEs, which usually have countryside origins. The latter are distinguished in that they are often still family-owned and are world leaders in this sector.

This federal state with its big companies and many «hidden champions», 15 universities and many research institutes has been plunged into crisis. While GDP grew by 1.7 percent last year in Germany, North Rhine-Westphalia is the only state to have experienced «zero growth». Growth was expected in 2016, but was for the seventh time in a row, behind the national average. In addition, the infrastructure is in a

desolate condition. Many roads and bridges are crumbling and the road works create traffic jams. In 2015 alone, there was 330,000km of congestion on the roads in NRW. In 2010 it was only half of that. Exemplary of the state of the roads, the bridge over the Rhine in Leverkusen on the A1 is so damaged that not even the official limousine of the Prime Minister can cross it. If bridges need to be bypassed, and jams prevent timely deliveries, this represents a real location disadvantage for the domestic economy. A company is only globally competitive if it can produce and deliver on time. Conversely, it should be noted that NRW is a European country of transit for lorry traffic, this means that other European companies are affected. Nevertheless, North Rhein-Westphalia must still repay the support money for road works in 2015, since then, it has been unable to provide eligible road projects.

Previously it was clearly pointed out that North Rhine-Westphalia suffered structural changes; such as the closure of the mines. Today the energy transition in Germany is often highlighted as an economic liability. Although both arguments are not wrong, they distract us from the real cause, for there are many structural causes that slow the economy. Numerous laws to North Rhine-Westphalia have prescribed strengthened environmental protection and conservation and the promotion of women in business. There are also set standards and requirements that are far above those common in the European Union or in Germany. This means not only substantial bureaucracy, but also a significant competitive disadvantage for companies.

In addition to this economically hostile policy, North Rhine-Westphalia lacks the will and courage to develop new ideas and investment in the future. The Digital Revolution therefore offers countless chances for SMEs. The economic strength of a region will largely depend on whether they

invest in the technology of the future and whether it is ready to replace old industries. A good example of this is the Wuppertal Company «Vorwerk». At the end of 20th century it was selling rugs and furniture. As they noticed a slump in profits, they decided to invest in household electronic equipment. Today it is at the vanguard of the development of robots which vacuum and wash the floor.

The necessary conditions must be created by the European Union, but also by the regions so that such companies can be reinvented in the future. To date, 90% of the commercial areas in NRW are not connected to the high-speed broadband networks (50+ Mbits), so the chances of «Generation 4.0» are not exploited. The development of fast Internet can be financed by funds from the EU and the member states. But for this, it is necessary that eligible projects are planned in advance. During the last allocation of funds for the development of fast Internet, only 2.8% of the funding went to NRW because of the lack of finished project templates.

However, the deployment of broadband networks can also be promoted by using unnecessary subsidies. In 2018, the subsidies for coal mining in Germany ran out. These liberated millions of euros should not be pumped into unprofitable sectors, but must be invested in future technology.

What does this example of North Rhein-Westphalia say to us about Europe? The European Union and the Member States can and must create the right conditions and funding opportunities for a prosperous economy. However, the implementation is the responsibility of the authorities on the ground, as they have the power in their hands to reduce bureaucratic obstacles and set economic incentives. The regions aren't just responsible for themselves, but rather for Europe as a whole.

Dietrich Aden (28), Clerk at the district court of Bochum until October 2016, Chairman of the Youth Union Münster, Member of the District Board of Small Businesses Association (MIT) Münster Region

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# Leading Today for the Leaders of Tomorrow

by Heinz K. Becker



Let me offer you the specific view of a person at the age of 66, Member of the European Parliament since 2011 and the only one out of 751 nominated by a seniors citizens organisation. My job description includes being a passionate politician for solidarity of generations and therefore representing the interests of both, the young and the old in our society. Before I became a politician in the year 2000, I was working in advertising and marketing and spent about 30 years in international communication agencies such as Grey Group New York. The last ten years of this chapter in my life I managed my own agency. Over the last decades I collected a set of 15 bulletproof guiding rules which I want to share with you, the next generation of leaders.

## Be prepared

Bringing the right set of skills and qualifications is the Nr. 1 precondition for success. This is not only true for political jobs but for all challenges ahead.

## Life-Long Learning

60% of today's pupils will work in a completely different field of work than their current field of study. Due to the current digital revolution we have to get used to constant re-skilling, up-skilling and qualifying to cope with life's challenges. Making lifelong learning a principle of your personal fitness will help you immensely in adopting to all kinds of situations as well as shaping your personality.

## Build your individual personality tool-box

Create a collection of basic knowledge in terms of politeness, punctuality, proper appearance, short, mid and long term planning and — discipline. The last attribute will protect you of irrational anger in case something might not run as positive as expected.

## Develop your intellectual flexibility

Sudden changes are the salt in the soup of every political job. That's why young leaders are obliged to follow all political and societal processes permanently by consuming media and specific literature — on paper or digital. Develop your intellectual flexibility, to quickly adopt to all changes and get a clear understanding of the new situation. Thus, surprising developments and accidents will not confuse you. So, be pragmatic, forget about disappointments and enjoy unexpected successes!

## Increase your individual «frustration limit»

Highly correlated to Nr. 4, is the advice to increase your frustration limit. Therefore, accept losses without falling in depression nor losing ambition or even your self-confidence. Train serenity by picturing potential troubles, disorders and defeats beforehand. Yes, imagine leaving the nice ways and

try to think about what might happen when things run into a negative direction. In case the worst-case scenario becomes real you are better prepared and therefore less stressed.

### Make notes

This is a small but extremely helpful remark for your daily working life: Make notes of what has to be done for any job. Never believe that your brain can keep all the details and specific nuances among the thousands of impulses that hit you continuously. By making notes you can filter and keep relevant details and make sure to not only finish your task, but master it excellently!

### Think and act as an entrepreneur

Regardless of whether you are planning to found a business or work in politics, think entrepreneurial. Always remember that you are the one who decides which attitudes and thoughts accompany you through your life. And — you are the only one who can change them. Be determined and be firm in your decisions and be ready to do the hard work required to win in whatever you do. Refuse to settle for life and circumstances as they are, when you want to change and improve them.

### Reflect yourself

Examine yourself, evaluate your personality and check your strength and weakness — on regular basis! You will get to know yourself and therefore have a fair chance to discover the best fitting job or political position according to your personal profile.

### Remain a child at heart

Try to keep your inner child alive. Do not take everything too serious. Believe me, by using a humorous approach, life and its problems seem less sinister.

### Be honest

Quit tricky behaviours and immoral practice right now! Your colleagues, partner and friends will discover them sooner or later and this will damage your reputation and you will also sink in their appreciation.

### Be a networker

Networking should not be the main part of your career plan, but staying in contact with your colleagues and partners as well as getting to know new people, will not only expand your horizon but also shape your future path. Take care of relationships in both, political and private life. The ability to build strong relationships is crucial on the pathway to success.

### Improve your team-building skills

You will always have to deal with difficult colleagues, partners, clients and superior authorities. Develop a partnership based on trust and mutual understanding. There is no need to become close friends, in fact keeping a respectful and professional distance can even improve the relationship.

### Negotiate!

It is highly recommended that young people who aim to become political leaders learn and train the specific procedure of negotiations: Always try to identify the fields of consensus first. Define and clarify the contents on which there exists consensus between you and your counterpart. Thus, usually 80 % of all discussion points are covered. In a further step, focus on more specific issues which required a bit of flexibility in order to find formulations or terminologies which fits

for all parties involved. In many cases, this will bring further 10–15 % of the negotiated content off the table. And finally, discuss the remaining key points or «red lines» in a rather rigid and severe way until the maximum can be reached. Take your time to negotiate the last few points in order to find a mutual understanding. This is a safe method to keep a progressive attitude and find a broad agreement at last.

### «The art of compromising»

I recommend all young leaders, not only politicians, to start to learn and to train finding compromises. The European Parliament is the best practice model for compromising: Due to a high number of various political parties, no single political group can win a voting in the plenary without finding an agreement with at least one other large group. In most cases cooperation and compromising with two or three other political groups is required to reach a sufficient number of votes.

### Be political! Be European!

One of the most important accomplishments and principles of the European Union is peace in Europe and within the Unions major member states. This achievement cannot at all be taken for granted. Our combined efforts are paying off in other important domains as well. Thanks to our four freedoms, the free movement of goods, of services, of persons including workers and of capital, the European Union became the world champion in relevant political fields such as economy, research, agriculture, environment and sustainability, welfare systems, security and culture. These pillars are the strong back-up we need for times of severe challenges!

Throughout Europe the younger generations realized that the European Union has an irreplaceable value for each and every one of us. Therefore all young politicians together on all decisive levels and in all democratic groups as well as all media have the responsibility to communicate the strength and the capacity of the unified Europe much more effectively and efficiently to every citizen and voter. Extremist movements, which come with the only intention to destroy our great vision of Europe are gaining power and influence in the European society.

In order to deliver unbeatable arguments in favour of the European Union we have to get into critical discussions, encourage changes and enact reforms. We all know, the European Union is by no means perfect, but it is definitely the best fundament for our future to build on!

In this context I want to introduce you to my goal «Vote 16» in Europe. Support me in convincing more EU member states that it is crucial to include young Europeans in the political dialogue and give them the right to vote. They are mature enough to work, to pay taxes and to be summoned to court. Why should they not be allowed to vote and co-create their political future?!

Let me finish with my personal political mission statement as a senior: Let us practice grandparents' politics! Knowing that grandparents in our society always look for a better life of their grandchildren and never accept if political decisions could harm their grandchildren's interests, this sense should become the dominating rule to produce political solutions — for intergenerational justice to the benefit of the young and the old!



# Our WORKING groups

by Thomas B. Thaler

SME Europe as an organisation was established in order to advocate for the interests of small and medium sized enterprises at EU level. As decisions in many different policy areas affect these companies, we concluded that it would make sense to establish working groups for the respective policy fields. All together, we think that the organisation should become a think-tank for new ideas on how to better support SMEs throughout Europe and the world. Together with like-minded partners, we want to create a network that supports SME-friendly legislation throughout the European Union.

For this purpose, we invited our Members of the European Parliament and further engaged supporters of SME Europe to each take over the responsibility for one of our working groups in their respective field of expertise. Under their guidance and responsibility, these working groups aim at further developing position papers as well as organising expert hearings and public debates. In this context, we would like to discuss best practice models and implementation experiences from different member

states. History has often shown us that we do not have to reinvent the wheel repeatedly again, but that we can learn from the success stories and mistakes of others. Having an appropriate platform for this continuous process of learning from each other should enable us to create a better environment for small and medium-sized companies to operate their business across national borders.

As a further step, SME Europe attempts to promote the outcomes of this work within the EPP family and more in general within the EU institutions. Our goal is to convince the respective decision-makers to generally adapt a more SME-friendly policy and to also take into account the ideas elaborated by the working groups. So far, we have established working groups in the following policy areas: Administrative simplification, energy, trade, finance, agriculture, defence, Visegrad-countries, Balkan area, regional policy, social matters, seniors, digital innovation, micro businesses, family businesses, telecoms, tourism, young entrepreneurs, start-ups.





## SME Administrative Simplification

Chaired by IVAN ŠTEFANEC MEP 

Committee on the Internal Market and Consumer Protection IMCO  
Committee of Inquiry into Emission Measurements in the Automotive Sector EMIS



## SME Energy

Chaired by BENDT BENDTSEN MEP 

Committee on Industry, Research and Energy ITRE



## SME Trade

Chaired by IULIU WINKLER MEP 

Committee on International Trade INTA



## SME Finance

Chaired by MARKUS FERBER MEP 

Committee on Economic and Monetary Affairs ECON



## SME Agriculture

Chaired by ALBERT DESS MEP 

Committee on Agriculture and Rural Development AGRI



## SME Defence

Chaired by MICHAEL GAHLER MEP 

Committee on Foreign Affairs AFET  
Subcommittee on Security and Defence SEDE





## SME Visegrad

Chaired by MARTIN KASTLER 

Head of Hanns Seidel- Stiftung for Czech Republic, Slovakia and Hungary



## SME Balkan

Chaired by DAVOR IVO STIER MEP 

Committee on Development DEVE



## SME Regions

Chaired by DR. FRANZ SCHAUSBERGER 

Founder and Chairman of the Institute of the Regions of Europe (IRE)



## SME Social

Chaired by THOMAS MANN MEP 

Committee on Employment and Social Affairs EMPL



## SME Seniors & Life Long Learning

Chaired by HEINZ K. BECKER MEP 

Committee on Civil Liberties, Justice and Home Affairs LIBE  
Committee on Petitions PETI



## SME Digital Agenda

Chaired by PABLO ZALBA BIDEGAIN   
Committee on Economic and Monetary Affairs ECON

Chaired by ELISABETTA GARDINI MEP   
Committee on the Environment, Public Health and Food Safety ENVI





## SME Microbusiness

Chaired by ELISABETTA GARDINI MEP   
Committee on the Environment, Public Health and Food Safety ENVI



## SME Family Business

Chaired by ANNIE SCHREIJER-PIERIK MEP   
Committee on the Environment, Public Health and Food Safety ENVI



## SME Telecom

Chaired by RÓZA GRÄFIN von THUN UND HOHENSTEIN MEP   
Committee on the Internal Market and Consumer Protection IMCO  
Committee of Inquiry into Emission Measurements in the Automotive Sector EMIS



## SME Tourism

Chaired by CLÁUDIA MONTEIRO DE AGUIAR MEP   
Committee on Transport and Tourism  
Committee of Inquiry into Emission Measurements in the Automotive Sector



## SME Future

Chaired by KOSTANTINOS KYRANAKIS   
President, Youth of the European People's Party



## SME Start-Ups

Chaired by EVA MAYDELL MEP   
Committee on the Internal Market and Consumer Protection  
Chaired by Michał Boni MEP   
Committee on Civil Liberties, Justice and Home Affairs



## Main Spheres of Action

### Partnerships and networks:

- Fostering pan-European networks of start-ups
- Establishing the link between educational institutions, state and business
- Contributing towards the creation of a start-up ecosystem in the MS and in European Parliament
- Facilitating the growth of the ecosystem (incubators, accelerators, innovation zones, clusters, research institutions)

### Fostering entrepreneurial education:

- Development of managerial and business skills
- Development of e-skills
- Support of apprenticeships at the educational stage (dual education)
- Vocational training and life-long learning
- Traineeships and internships
- Collaboration between schools and universities on the one hand and business incubators, innovation zones, clusters and successful entrepreneurs on the other

### Policy, regulations and enablers:

Enablers for starting new business — pushing for:

- Less bureaucracy, quicker and more straightforward procedures
- Reduced costs of starting a business
- Cross-border exchanges through partnerships, networks, visas for entrepreneurs

Financing — providing information about and fostering the use of:

- EU financing
- State funding
- Funds from investors, banks, venture capital and angels

Building trust

- Fostering property rights and copyright regulations protecting both users and start-ups without hampering innovation and progress
- Copyright and intellectual property
- Data protection standards

### Infrastructure:

- Supporting networks of incubators and accelerators, innovation zones, clusters and other ecosystems providing guidance for start-ups
- Digital infrastructure — 4G, 5G, wide broadband access, access to technology and software, cloud

# Start it

## Action

- Legislative work in the European Parliament
- Creating networks between investors, business, educational institutions, government and entrepreneurs
- Enabling the provision of expert advice to entrepreneurs
- Organisation of events, workshops, debates, information days, informal and formal meetings and long-term ongoing initiatives in Brussels and across Europe
- Information sharing and awareness raising through publications, media and social networks (Example: #startUPep)

## Mission

With all these activities the StartUP WG at SME Europe aims to build awareness, create networks, involve stakeholders, experts, entrepreneurs and the general public. The members of the StartUP WG will also work for the creation of a legislative framework that supports start-ups and rewards the entrepreneurial spirit. Moreover, the Working Group aims to simplify access to EU programmes and funds for start-ups, as well as to provide information about relevant possibilities and opportunities.



up!



## SME EUROPE PRESENTING WORKING GROUP START-UPS

The start-up Working Group of SME Europe aims to provide support for starting companies and entrepreneurs at European, national and local level. This shall be achieved through a variety of activities — from legislative work in the European Parliament to establishing public-private partnerships, connecting successful and starting entrepreneurs. The Working Group aims to ensure that the interests and needs of entrepreneurs all across Europe are reflected in EU legislation. This work, complemented by a series of debates, workshops and long-term initiatives, will allow the StartUP WG to create awareness of the importance of small and medium sized enterprises and entrepreneurs as a driving force for the European economy and means for fulfilling the citizens' creative potential. The start-up WG will help building networks and facilitate the development of a growing entrepreneurial ecosystem in Europe, thereby fully benefiting from the opportunities presented by the European Single Market and especially the Digital Single Market.



# Crowdfunding — a growing Investment Trend in the European Union

by Thomas Grundner



The strong networks and relationships of banks enable them to provide the majority of external financing for SMEs. In recent years, an increasing variety of non-bank financing options have also emerged to help SMEs. Crowdfunding is one example as an upcoming significantly non-bank financing form which is focused on SMEs. Not only Start-Up companies launch their business concepts with the help of crowdfunding but also real estate SMEs use crowdfunding to finance their projects. Due to the low issuer costs this capital market form is an appropriate alternative to bank credits. In particular private persons use crowdfunding to invest in innovative products and services. With the help of crowdfunding-platform SMEs are offered a new possibility to find consumers who are interested in new innovative products or services. That's the reason why crowdfunding is also used for product placements.

There are various forms of crowdfunding in Europe. The most common type is Rewards Crowdfunding. Investors get a pre-sell right of a product while SMEs are able to develop and distribute new products without incurring bank credits or sacrificing equity shares. Especially for new innovative products which will generate a generally high demand this form of crowdfunding can be an alternative to finance development costs. The second primary form is Equity Crowdfunding. Investors receive shares of the company, usually in an early stage, in exchange for pledging money. Lending-based Crowdfunding can be an appropriate opportunity to get loan capital. For some SMEs like Start-Up companies the European capital markets are too expensive, caused by the administrative costs. Until now these companies only take up loan capital with a high interest rate by financial institutions. Therefore Lending-based Crowdfunding can be a cheap substi-

tute to bank credits. The last primary type is Donation-based Crowdfunding. It is the collective effort of individuals to help charitable causes. Funds are raised with the help of Donation-Based Crowdfunding to finance charity projects.

The majority of the issuers use crowdfunding-platforms, which are web-based finance marketplaces, to launch their crowdfunding projects. An current analysis of the European crowdfunding market by the European Commission shows that in Europe 510 providers of crowdfunding-platforms in 22 Member States and 8 Non-EU platforms inter alia in USA or China with a totally amount of EUR 2.3 billion in the European Union were identified. The main funding types of these platforms are 30 % rewards, 23% equity, 21 % loans and 18% donations.<sup>1</sup>

<sup>1</sup> European Commission, Executive Summary — Crowdfunding: Mapping EU markets and events study, 30 Sep 2015, page 8. et sqq.

These web-based platforms operate similar to stock exchange markets with the exception not being governed by EU regulations. Therefore providers of crowdfunding-platforms don't need any license and as well as no registration by a market authority, except for cases of national crowdfunding law.

Currently there is no common EU regulation for crowdfunding in Europe. Only some member states (i.e. Austria) have an own crowdfunding law<sup>2</sup> which is an unsatisfactory situation along the lines of the White Paper to create a European Capital Union because crowdfunding also affects some existing EU regulations and directives. This leads to regulatory gaps in national crowdfunding laws and divergences to the European law, as the following examples show.

Securities-based crowdfunding-platforms can be authorized under the Markets in Financial Instruments Directive (MiFID) to carry out regulated services and activities throughout the EU. Currently, there is no EU framework which specifically caters for Lending-based Crowdfunding. Securities-based crowdfunding-platforms like Equity Crowdfunding require an investment firm license according to MiFID to offer transferable equity securities. A MiFID investment firm license causes high administrative costs. An exception or a «light» investment firm license for Equity Crowdfunding-platforms would be an alternative to make Equity Crowdfunding financeable and competitive.

<sup>2</sup> Austrian «Alternativfinanzierungsgesetz» (AltFG) BGBl. I Nr. 114/2015 dated 14 August 2015.

Furthermore crowdfunding also affects the European rules with respect to investment funds. Both investment forms raise their capital from a number of investors (crowd), in order to invest in projects (funding) with a defined investment policy for the benefit of those investors. It is unclear if the European rules for investment funds are also considerable for crowdfunding projects. A clear regulatory distinction is therefore necessary.

Currently crowdfunding investments of at least EUR 5,00 Mio are covered by the EU issuer prospectus regulation which brings on the one hand more transparency for retail markets in Europe but on the other hand it is very cost-intensive (inter alia consulting fees). Underlying investments affect the law of the single member state. The Austrian way to introduce a special «prospectus light» for crowdfunding projects with an issue limit under EUR 5,00 Mio is an alternative to make crowdfunding more transparent but furthermore too expansive. A general key information document in a standardized format which allows private (retail) and professional investors to compare the crowdfunding investment would be sufficient. Therefore a common EU regulation for crowdfunding transparency — outside the EU issuer prospectus regulation — is required to make cross-border offers for crowdfunding investments possible.

Except for Securities-based Crowdfunding (regulated by MiFID) there are no European rules of conduct for crowdfunding investments. This jeopardizes the European aim to protect in

particular private investors who are an increasing investor group on crowdfunding-platforms. However there are no European rules for providers of crowdfunding-platforms from Non-EU states doing business in the EU. This is a further regulation gap.

Crowdfunding can provide a real alternative to bank credits for SMEs and brings more private investors to the European capital markets. To encourage this capital market form for SMEs, a common European crowdfunding regulation is required. Due to the existing EU regulations and directives for capital markets, it is impossible for member states, to adopt an own crowdfunding law without regulatory gaps and divergences to the EU conventions. Furthermore cross-border crowdfunding is almost impossible to conduct, due to different national crowdfunding laws in different member states like Austria. The existing EU regulations and directives like MiFID create excessive costs for issuers and providers of crowdfunding, what partly prevent crowdfunding investments. To introduce a new form of non-bank financing for SMEs, finally a simple EU crowdfunding regulation with low costs for issuers and providers along the lines to create a European Capital Union is needed in order to make Crowdfunding in Europe successful. Currently the European Union considers that a premature regulation could hamper, not foster, the growth of this fast-growing and innovative funding channel<sup>3</sup>.

<sup>3</sup> European Commission, Action Plan on Building a Capital Markets Union, COM(2015) 468 final dated 09/30/2015





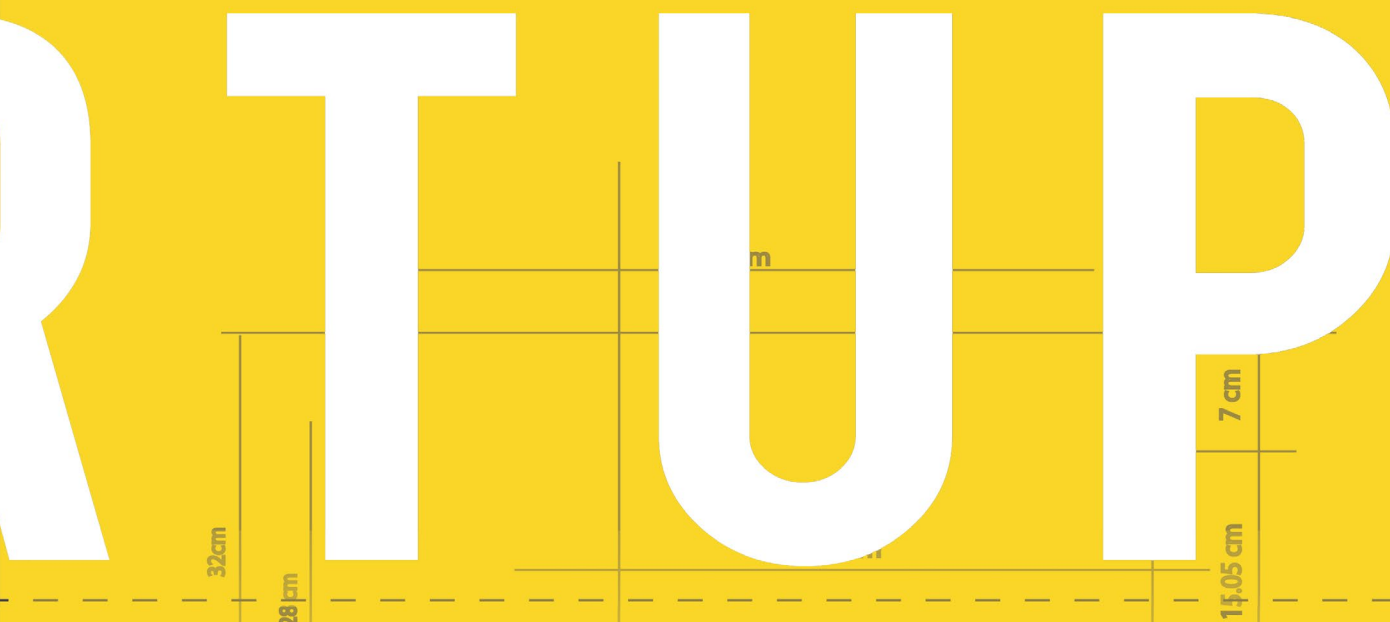
# STAR

by Lenard Koschwitz

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FLAT COLOUR





## Brain Gain: Six ways the EU Start-up Visa will bring Success to Europe

Europe needs to do more to attract talented people and the growth of boost startups. Right now, Europe is bleeding talent, but the EU can reverse that trend.

«Reviens Leon» is a campaign to bring back French talent that left the country. The Eurozone loses nearly 120,000 post-secondary educated workers each year to jobs elsewhere. As a result, more EU countries are trying to attract high-potential entrepreneurs to start businesses in Europe.

The European Commission will propose changes to the Blue Card visa for highly-skilled workers tomorrow (7 June). Let's hope the executive listens to what member states called for at the Competitiveness Council last month: to «boost cross-border expansion of startups and EU's attractiveness for innovators».

This is a huge opportunity if we get it right because the more startups we have in Europe the more innovation, jobs and growth will follow. Outside of the zone we see huge growth in places like India, where there are around 2.75 million software developers now and 5.2 million by 2018.

A healthy mix of market, talent, density, culture, capital and an attractive regulatory environment will ultimately be the recipe for success in Europe. An EU-wide startup visa should attract the best and brightest to start building their businesses in Europe. Here's some pro-innovation advice for startup-loving policymakers.

### Increase attractiveness for the entire European economy

A good startup visa will never «attract» huge numbers of high potential entrepreneurs, but a bad one (or no visa at all) will certainly deter them. Of the eight existing startup visa programmes in EU countries, most fall short of their goals. Ireland, for example, has a great ecosystem for entrepreneurs, but received only 50 applications in three years.

Looking at the EU as a whole — the Digital Single Market promises a harmonised market of 510 million people — the rules to obtain a visa should be all the same across the whole EU.

### Entrepreneur-focused public-private collaboration

How should administrations decide whether an entrepreneur has poten-

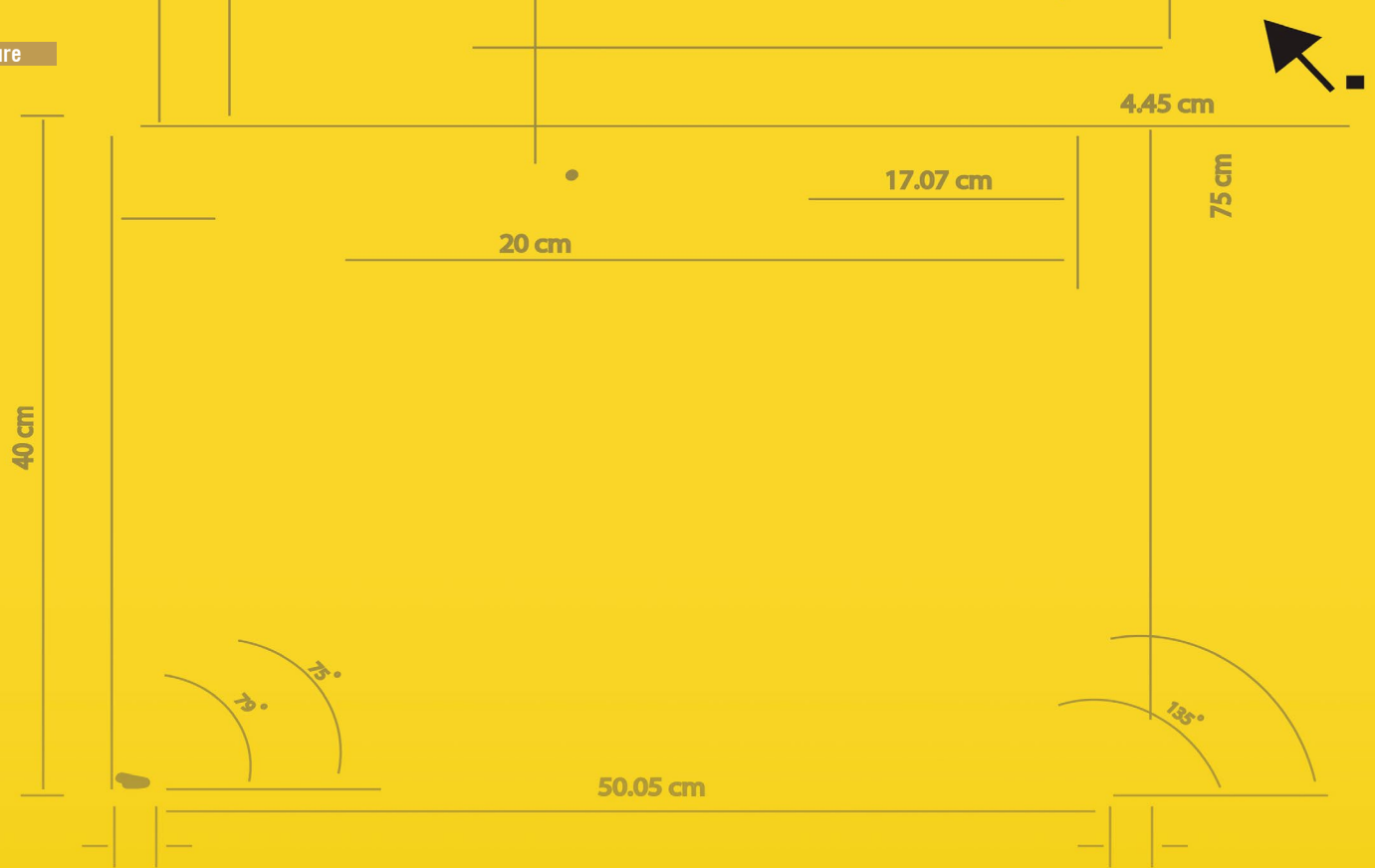
tial to succeed or a company is actually a «startup» at all? The answer is easy: they shouldn't.

Ideally, approving a visa should be a business-driven decision to back and invest in projects and governments ensure that public order and security are not endangered. The French Tech Ticket is a great example: 50 entrepreneurs are chosen by 10 incubators based on their regular business models. The public administration makes sure that entrepreneurs have both the means and necessary insurance for their stay and don't pose a risk to public security.

### Giving room to innovators so good things can happen

Some national programmes, like the Spanish entrepreneurial support and internationalisation act from 2013, try to channel innovation toward specific sectors and industries. But changing directions and even sectors is part of the startup DNA! Startups are mobile and often go through transformations until they find the right product to market. Famous examples like Youtube, Yelp, Twitter and Flickr underline how changing direction can lead to success.





To avoid policies that deter innovation from the outset a European visa should not be limited to certain sectors. But a visa programme should identify real innovation and high-growth potential.

#### Easy and fast-tracked procedures

High-potential entrepreneurs and talented individuals pick the EU because of the right mix of market size, capital, culture, talent, density and regulatory environment. So policymakers have to be reminded that it's not the visa that is attractive but the ecosystem. The ideal visa for high-tech and high-growth entrepreneurs is one they obtain with little friction. Or at least without delaying the creation of their business.

In the Netherlands, for example, the application process can go on while an entrepreneur is already in the country. This is great but not necessary if applications are processed in a timely fashion. Spain and Slovakia manage it in 10 days on average while France and Denmark drag the process on for 10 weeks or more.

#### Embracing Failure for everyone's benefit

In contrast with other visa holders, it is hard to say whether a startup will succeed. But regardless of the economic success of a startup, the process of building a company positively affects not only the founder but also the entire surrounding economy. Fifty percent of all Silicon Valley startups have at least one immigrant as a key founder, which contributes substantially to the cultural diversity, openness and creativity of the ecosystem. In the EU only 10% of founders are migrants and just three out of 10 startup employees come from a different country than where the startup is located.

Looking across the board at existing schemes, a healthy timeframe for a visa is at least two years with an easy possibility for renewal. In the Netherlands, a continued endorsement by the initial facilitator is enough. In other countries founders have to demonstrate the growth and development of their startups, sometimes including the ability to create jobs.

#### Thinking about the next step

A visa for founders is a great first step to achieving the digital vision for Europe. The bigger part of this vision is allowing scaling companies to stay in Europe. Spotify warned the Swedish government it might leave the country because of inflexible rules. Salaries and housing show how much governments can do to keep successful companies. In the UK, where around 40 % of the EU's scale-ups are located, companies cannot take on new clients because they lack talented employees. The European app economy alone will create four million jobs between 2014 and 2018.

Europe should not only introduce rules for people who plan to create startups, but should also ease migration for anyone working at one of the European tech companies. The same should happen for investors, so money can go where the startup is instead of the other way around.



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Staatliche Beihilfen





# Cooperation for Global Startup Support

by Gi Won On

**E**very year, the startup scene in Europe reaches a new level of development. According to the Global Startup Ecosystem Ranking 2015 published by COMPASS (formerly Startup Genome) with the support of Crunchbase, London, Berlin, Paris and Amsterdam are of the top 20 startup ecosystems in the world. The rest of the top 20 ecosystems are mostly located in North America such as Silicon Valley, New York City and Los Angeles. One of the key highlights of the ranking is that Berlin's Growth Index is 10, which is the maximum score among all measured ecosystems (2.1 for Silicon Valley). This is thanks to an explosion in foreign VC investments and exit, which showcases the trends that global investors have the growing appreciation with regard to the German and European startup ecosystems.

As a result, the importance of global investment, or generally the issue of 'go global' or 'born global' is one of the key factors which affects mostly the success and growth of each startup. Of course, we can observe the recent development of global startup support programs in the EU and many member states of the EU. A good example at the EU level is 'Startup Europe' which should contribute to the Entrepreneurship 2020 Action Plan related to the Digital Single Market strategy of the EU. One service pillar of the Startup Europe implemented partly through the Startup Europe Club One Stop Shop is helping ICT startups to soft-land in global markets such as Silicon Valley and India this year.

Another interesting example is the French Tech Ticket program for

international startups and entrepreneurs, wanting to create their startups in France. The benefits package of the program for each selected foreign founding team of 2 or 3 people, is funding of 45,000 EUR with a soft-landing package, resident permit service, acceleration program and a 12 month incubation period in one of the 41 selected partner incubators all over France.

A wide range of integrated and tailor-made services ('Welcome packages') are recently on offer in Europe to international startups and even to SMEs with innovative programs across all application sectors, from the beginning and throughout the whole steps of developing well-established companies. The primary goal of those programmes is about to create new employment and stimulate the hosting countries' or regions' economy as well as the startup ecosystem, in which local and foreign talented entrepreneurs can mutually grow.

The specifics of the European market are traditionally a strong SME-friendly business environment, which is home to many internationally successful startups such as Skype, Criteo, Spotify as well as Hidden Champions in the industrial and manufacturing sectors. The well-established programmes at the EU level such as Horizon2020, EUREKA and

EEN (Enterprise Europe Network), which offer world-class opportunities and expertise in areas from joint R&D to technology commercialisation transactions, help Startups and SMEs find easier ways and partners to make commercial connections between the expertise and innovations and the wider marketplace. Thus, Europe is the attractive market for innovative technology based startups and SMEs today. However, the charm of the European market is clearer in the energy sectors (cleantech) and smart cities of the future, which are related to the agenda and statement of the EU being the leader for solving the global issues of climate change, renewable energies, smart and safe livings, etc.

These European environments allow access to Korean startups and SMEs interested in going to Europe, especially in the cleantech and digital smart technology sector. An interesting example is the Korean startup **ENGINE** in the cleantech domain, which in a relatively short period (five years) developed and successfully demonstrated a commercially viable wave energy converting capability (WEC) with over 120 registered and pending patents. The unique feature of **ENGINE**'s WEC technologies is that only the wave energy transferring segment is needed to be installed in shallow (no more than 3 meters in depth) waters and the power conversion and generation segments are land based (e.g. breakwater). This innovative approach, without cost-intensive power transmitting cables or energy transferring pipelines, is by far more effective and suitable solution to opt for when pursuing a replacement of high-cost, eco-harming diesel generators widely used on less populated remote islands, which is of the typical cases in Europe. Currently, many local governments and investors in Europe perceive the advantages of the **ENGINE**'s WEC technology. They want to increase the renewable energy generation potentials, especially for the European regions along the Atlantic coast.

In order to accelerate this kind of cooperation that often contributes to the local economy, job creation and mutual growth, the foreign startups and SMEs of the cooperation need

on-site support in Europe. A meaningful support package could include the following elements:

- Global startup/SME immigration support: E.g., startup visa, consultation on lifestyle and business cultures
- Level-up academy support: Mentoring and education on developing/refining business plan, marketing, sales and price model
- Commercialisation support: working spaces, facilities and manufacture of test products
- Finance support: (Help to access) proof-of-concept (PoC) fund/grant, seed/growth capitals for stabilising company activities and growth
- Networking support: Permanent networking among foreign and local companies (B2B), investors, business professionals and other related stakeholders

Similar global startup support programs can be observed in non-european countries, too. In addition to Silicon Valley, which is the traditional startup capital in the world, the startup ecosystems in Asia such as China,

D.C. and Beijing) for global startup support collaboration in the target markets. Recently, the CCEIs together with KICs, implement a global startup initiative called the K-Grand Challenge program, which invites foreign startups across the world to the Korean startup ecosystem. Within the all-expenses-paid program (50,000 US\$ plus 3 month acceleration, free round-trip tickets and dedicated space for 40 selected teams), the selected foreign startups have the opportunity to directly interact and to cooperate with the big companies of the 17 CCEIs. Especially, for the European startups as well as SMEs, which need infrastructures for developing and testing their new innovative services or products in a real-life environment with cooperation and support of big Korean global companies, Korea is definitely the right place.

In my view, the global startup support programs are one of the fundamental elements for powering up a startup's global competitiveness by offering the required access to (network of) markets, capitals as well as to skilled man-power. Because the

## «Global startup support programs are one of the fundamental elements for powering up a startup's global competitiveness by offering the required access to markets, capitals as well as to skilled man-power»

India, Japan and South Korea are significantly growing. For example, the South Korean government launched together with big companies (Samsung, LG, Hyundai, KT, SK, Hanjin, Kakao, Naver, CJ, POSCO, Lotte, Doosan etc.) as shareholders, 17 so-called Creative Economy Innovation Centre (CCEI) for building national startup ecosystem since 2014. Additionally, four Korean Innovation Centres (KIC) are established in foreign locations (the EU, Silicon Valley, Washington

startups face worldwide competition from the day they launch their business wherever they start; a cross-border startup support at international level by building global cooperation platform will indeed help more startups successfully tackle the challenges of understanding market behavior as well as people's taste, identifying competitors in that market and finding cooperation approaches, and preparing solutions for people's patriotism, etc.



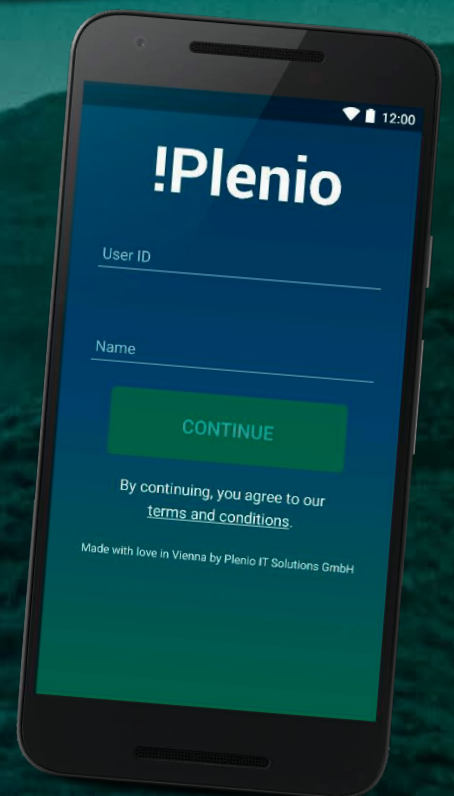


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Made in Vienna, Austria

# Developing an Encrypted Messenger App in Europe — and becoming a USA Export Producer

by Alfred Schubrig

«**T**he app economy is booming, so why not develop our own app?» In the year 2014, when my business partner Konrad Pozniak and I were planning on starting our own business, the app economy was in a gold-rush mood. Facebook bought WhatsApp for 19 Billion USD, a deal which was like nothing ever seen before. People all over the world saw opportunities in the app market and so did we. Konrad and myself had an idea, we wanted to create an independent, anonymous and encrypted messenger app called Plenio, with its own server structure. Due to the easy setup of the Plenio prototype, we thought that the development of the app would be quite easy. As we were to discover, the problem with prototypes is that you only see the tip of the iceberg and not what is beneath it.

In order to place a product on the market, it is necessary to found a company in Austria. Therefore, we founded our company in January 2015, Plenio IT Solutions GmbH. The name of the company arose out of the name of our first app Plenio, which is a simple modification of the word plenar, people's assembly. We thought it was a good name for a messenger app, as it is an app that allows people to communicate among each other. The process of founding the GmbH was challenging, since founding in Austria is a bureaucratic undertaking. We had to get our company contract signed by a notary

and needed to know which commercial licensing we had to apply for. But with some guidance of the WKÖ, the Austrian Federal Economic Chamber, we were able to successfully master all obstacles.

After the founding process was over, we started with the development of the messenger app. Our initial goal was to finish the first version of our app in summer 2015, but we soon hit some developing issues we had to overcome and thus, our release was delayed. Finally, in May 2016 we finished and released the first version of Plenio on Google Play (the Google App Store).

A very interesting factor came up during the developing process: As we published the app Plenio on Google Play, we realised that our app is administered as a US American product, even though our company is situated in Austria. We had to agree to the US export license to distribute Plenio in Europe, and since our app has one of the highest encryption standards, we had to file a report to the US Bureau of Industry and Security due to the fact that we were exporting an encrypted software outside of the US. Our app uses only standardized open source encryption, so getting the green light for distribution in Europe was not as difficult as originally thought. Although we began to wonder that if the US, Apple or Google so desired, they could completely cut off the EU from

the whole App market. As a European app developer you are dependent on these two giants, since there is no real European alternative to their app-stores. Fortunately, Plenio can be used independently from Google, this was one of the reasons why we built our own background infrastructure and why we kept our main focus on the Android platform. Unlike Apple's iOS, Google's Android is available as an open source. Technically, it would be possible to create a European Android operating system, despite the high costs involved. Nevertheless, it can be valuable to ask yourself the question — is European independence on IT worth the price? It would without doubt, be highly beneficial to European Entrepreneurs willing to start a business on the app market.

Today, Plenio turned out to be a great app, and although we have not implemented all features yet, we receive good feedback from our users. Our app is growing slowly, but constantly, and with every update we are coming closer to what we have originally planned. Nevertheless, our journey is not yet finished, and in the next few months, we plan on launching a Plenio Version for enterprises and political parties.

If you are interested in trying our app, you can download it here: [get.plenio.io](https://get.plenio.io) or find it on Google Play! We look forward to your constructive feedback.

Founder of Plenio IT  
Solutions GmbH







# Events





# »Importance of the Digital Single Market for App Developers«

On Tuesday, September 15th 2015, **MEP Bendt Bendtsen**, Member of Committee on Industry, Research and Energy, moderated a Working Breakfast on the topic «Importance of the Digital Single Market for App Developers».

The event was attended by stakeholders from all over Europe, and also included keynotes from **MEP Pablo Zalba Bidegain**, the Vice-Chair of Committee on Economic & Monetary Affairs and Chairman of the SME WG Digital Agenda, **Eric Mamer**, the Deputy Head of Cabinet Commissioner Oettinger, and **Catriona Meehan**, the Director of EU Policy and Government Relations of the Application Developers Alliance. Statements were performed by **Dr. Gi Won On**, the President of Korea Research & Innovation Centre-Europe, and **Attila Rácz**, the CEO of Magic Solutions from Romania.

**MEP Heinz Becker**, President of the Austrian Senior Citizens' Union, gave an introductory speech about the internet of things and the Digital Single Market. «Europe is highly competitive» he stated, proceeding

on the influence of high costs due to the lack of the Single market. Furthermore he presented proposals to solve data protection issues because «Data is the currency of the Digital Market». Another main point of his speech was highlighting the opportunities which Apps can offer in the daily life improving the quality of senior citizens in terms of security and freedom.

**MEP Pablo Zalba Bidegain**, Vice President of SME Europe, advanced the audience with concerns about mobile data and its need of infrastructure measures. Through his activities 50 billion devices could be connected, referring to the internet of things. Growth and jobs are secured through his engagement.

In the period between 2006 and 2011, 55% of US GDP was generated through the digital economy whereas it was only 30% in the European Union. This year, the European Union was able to reduce the gap and thereby increasing the share of GDP created in the Digital economy. This creates employment and will result in a total amount of two million new

jobs by the end of 2015. Afterwards MEP Zalba Bidegain claimed that app developers shall have better access to capital markets and reduced cross-border bureaucracy. He called for favourable investment conditions which should be implemented as soon as possible. He referred to Europe's situation as being «A unique chance» and called for similar investments comparable to the business friendly environment in South Korea.

After Pablo Zalba Bidegain the next keynote speaker continued the Working Breakfast. **Catriona Meehan**, Director of the Application Developers Alliance, took the floor and presented the position of her association. After a brief introduction she elaborated ADAs position on the burdens of App entrepreneurs in Europe. The fragmentation into 28 different National Digital Markets is the biggest obstacle Europe's App developers are facing. The harmonization of the different markets into one Digital Single Market would ensure a continuous growth of the economy. She claimed that «easy tools in order to handle the different regulations in the EU member



states» are essentially needed to help the App developers all over Europe.

**Eric Mamer**, Deputy Head of Cabinet Commissioner Oettinger, started his speech with a useful example for the importance of apps. These representative example described the value of applications in the tourism sector, which led up to 95% utilization in various hotels. This illustrated image showed the use of apps in our daily life style and for the economy. The only requirement is based on an availability of high speed internet for mobile devices across all member states of the EU.

An awareness for the Digital Single Market should be part of the daily life of the European citizens and in particular be introduced into the agenda of Europe's universities in order to compete with the rest of the world. «We need Stanford» he proclaimed and emphasized the need of these institutions in Europe. The Digital Single Market needs a European legislation for the member states to «enrich each other», and, as Eric Mamer empathized, «we need to speed up» to set up required rules

and infrastructure on time. The European Commission and especially the Cabinet of Commissioner Oettinger, with Digital Economy & Society being part of their competence, is aware of the problems and needs of SMEs in the App development sector. Cutting the red tape and the defragmentation of the national digital markets is the main focus of the Commission. One of the crucial requirements is the harmonization and implementation of European Law into national legislation to foster the growth in the EU for this future market. European Small and Medium sized Entrepreneurs have to have simplified and united conditions to compete with their international counterparts.

Afterwards **Attila Rácz**, Chief Executive Officer of Magic Solutions a company based in Romania, entered the stage and gave his statement. He acknowledged the valuable contributions of the previous speakers. Then he empathized that his opinion about the Digital Single Market is converging with those of the last spokesmen before continuing to present his company. His speech ended with mentioning the issue of the different

regulations between the EU member states and calling for «making things easier» in that area with a «focus on the small things».

At last **Dr. Gi Won On**, President of Korea Research & Innovation Centre-Europe, gave his statement by primarily explaining the success of the Korean Digital Economy. He pointed out that companies in this sector have huge investments in Research and Development which enable them to stay ahead of competition. In addition Korea managed to set up a creative economy serving to help innovators, which is still needed in the EU.

In the end a lively discussion took place in which most questions were placed on how to realize and execute the Digital Single Market.



# »Green Vehicles for achieving a more sustainable Transport System«



On Tuesday, 29th of September 2015, **SME Europe of the EPP** in cooperation with **EGVI (European Green Vehicles Initiative)** invited to a Working Dinner in the European Parliament on the topic of «Green vehicles for achieving a more sustainable transport system».

Honorary President of SME Europe MEP Dr. **Paul Rübzig**, Member of the Committee on Industry, Research and Energy, opened the event with mentioning that this is a great stage for international automotives and policy makers since the parliament has always welcomed an open debate and all speakers and table hosts.

**MEP Ivan Štefanec**, Member of the Committee on the Internal Market and Consumer Protection, stated four challenges which must be taken: firstly, the implementation of new digital technologies, secondly new energy resources, thirdly how to protect the environment and last but

not least that green vehicles have to be made more attractive to consumers.

The first key note speaker **MEP Henna Virkkunen**, shadow rapporteur on «Draft report on sustainable urban mobility» and member of the Committee on Industry, Research and Energy, emphasized more attention to the transport sector in general, like research and train connection. This is in high interest of urban areas and their problems in air quality and the overcrowded road traffic. «In that case it's very important how cities are planned and to put a greater focus on cycling and walking» Mrs. Virkkunen stated. Finland has been mentioned as one of the best examples for biofuels, because they have opted to use obligations for biofuels in combination with a fair and objective taxation system.

**MEP Claudia Tapardel**, shadow rapporteur on «Draft report on the

implementation of the 2011 White Paper on Transport: taking stock and the way forward towards sustainable mobility» and member of the Committee on Transport and Tourism, started her speech with the statement about the industry as a large employment and therefore it's important to gain consumer trust in the industry. Mrs. Tapardel stressed that «a deep partnership between policy makers and industry is on high interest, but the key to success is the consumer. There is no other solution for a sustainable transport system». She called for more resource efficiency and enhanced quality control in order to ensure new transport systems.

Acting Chairman of EGVI, **Jean-Luc di Paola-Galloni**, underlined that «not only more transport, but better, smarter transports and more reliability are needed». The general objectives of the EGVI PPP are research, development and a clearer demonstration of technologies to

# »CSU Lunch Debate«

enable more energy efficient vehicles by using alternative powertrains and by strengthening the future competitiveness of the automotive industry. All this can happen in relation of the supporting policy goals of the EU Transport White Paper. He also accentuated that for different systems different solutions have to be planned with focus on combination on efficiency and non-productive sectors.

**Rolf Diemer**, Head of Unit — Economic Analysis and Impact Assessment in DG-MOVE of the European Commission, emphasized the high relevance of the White Paper on transport with its vision 2050. The paper included a number of targets, for example the 10 year programme for innovation, which are running according to plan. Mr. Diemer pointed out the opportunities of intelligent transportation systems which can lead to better transport management of companies. This could be achieved by raising the budget and thereby creating a better financial environment for these innovations. The White Paper continues to be important as it bears a high political meaning. In 2014, EU politicians agreed on a reduction of CO<sub>2</sub> emissions by 40% until 2030, thereby paving the way for the goal of the White Paper which attempts to reduce emissions by 60% until 2050. At last he advised for implementing cleaner infrastructure, as cleaner vehicles will only succeed under this environment.

Then the question and answer session started with Josef Affenzeller, Director of AVL, as the moderator. This was followed by a lively discussion in which MEP Arne Gericke, Member of the Committee on Employment and Social Affairs, MEP Inés Ayala Sender, Member of Committee on Transport and Tourism, Rudolf Strohmeier, Deputy Director-General in DG RTD and Lars Göran Rosengren, Senior Advisor in Volvo, came forward with questions concerning the topic and their opinions. They for example pointed out to emphasize more what has been achieved in green vehicles and to be careful about the issue of bio fuels as rain forests could suffer under policies favouring this type of fuel.

On Thursday, November 19th 2015 **SME Europe of the EPP** invited in collaboration with **the Brussels Branch of the CSU party** to a lunch debate in the House of Europe with the topic «Family — Home — Heritage».

**Dr. Horst Heitz**, Executive Director of SME Europe, and **Dr. Udo Box**, Chairman of the CSU party in Brussels, opened the lunch talk and gave two speeches on the subject «family — home — heritage» before **Peter Jahr MEP**, Member of the Committee on Agriculture and Rural Development, took over.

**Peter Jahr MEP** spoke about the concept of «Family — Home — Heritage» and noted that there have been many attempts to abolish this term. However, this had never succeeded because people still related important values to its meaning. He emphasized that tradition connects and «Property is the root of happiness».

Afterwards **Herbert Dorfmann MEP** raised the issue of society models. It is necessary to question these models and avoid parallel societies. The term «family — home — heritage» is not physically accessible and is represented best by family businesses. Based on this claim, the term is still well established because of 14 million family owned companies in Europe. Nevertheless, these businesses are in danger as the owners increase in age and successors are rare, due to change of priorities of the younger generation which increasingly found

start-ups in other trade areas. This development should be limited by incentives such as tax breaks.

Towards the end, a discussion took place, in which the questions «Does a fair tax rate exist?» and «Could we solve the problem of lacking security for refugees by supporting family businesses in their home country?» were treated.

The first question was treated by **Peter Jahr MEP**, who claims that a tax is only fair if it solely affects the money owner, after all costs, possesses. It requires a differentiation between the cash, which is needed for the business, and the capital, which is leftover. Herbert Dorfmann MEP addressed the issue with the following words: «The question of justice is a question of the political view». The second question was, in turn, answered by Peter Jahr MEP, who sees the root of the problem in the lack of development of the rural areas in these countries. Large enterprises are dominant in these areas, only hiring a few locals. In short, the broad masses have no chance, unless something is done about it.

To finish up, **Dr. Horst Heitz** emphasized that this lunch debate was a great starting point for the discussion and that the overall awareness for small and medium-sized family businesses, home and heritage has to be raised more frequently.



# »Standards as a Chance for SMEs«

On Thursday, December 3rd 2015, **SME Europe of the European People's Party** in cooperation with **SBS (Small Business Standards)** invited to a Working Breakfast on the topic of «Standards as a chance for SMEs» into the European Parliament. Under the moderation of **MEP Dr. Paul Rübzig**, Honorary President of SME Europe und member of the committee on Industry, Research and Energy, leading heads from the European institutions discussed and exchanged on the topic of standardization.

The importance of standards for the economic life is beyond dispute: Standards facilitate international trade by ensuring compatibility and interoperability of components, products and services. They bring benefits to businesses and consumers in terms of reducing costs, enhancing performance and improving safety.

It were exactly those advantages which **Peter Faross**, General Secretary of UEAPME (European Association of Craft, Small and Medium-Sized Enterprises), highlighted in his introduction speech. It was then stated, that in the case of big-businesses, standards are not only vital, but by now also self-evident. Small and medium sized enterprises, however, are much less

frequently embedded in the creation of standards.

**MEP Ivan Štefanec**, Member of the Committee on Internal Market and Consumer Protection, took this topic and stated that annually more than 2.000 standards are created. Even though this number refers to a big variety of sectors, it can be — especially for small and micro sized enterprises — quite difficult to keep track. In that sense, SMEs should be encouraged to get increasingly involved in the process of creating and improving standards.

**Tore Trondvold**, President of CEN-CENELEC, one of Europe's Standardization Agencies, supported this argument by adding in his keynote that standards are usually not made for a lifetime, because they follow technological development.

**Kerstin Jorna**, Director for Single Market Policy at the European Commission, complemented this very statement by saying technology and business models move faster than the regulator. This coaction needs improvement. She moreover agreed that there needs to be more bottom-up approach in the process of standardization. 99,8% of all European businesses are small or medium sized, however not 99,8% of standards meet SME needs.

The speaker list was finally completed with the Statement of **MEP Vicky Ford**, chairwoman of the committee on Internal Market and Consumer Protection. She pointed out that in the course of a standardization process it is very important not to create monopolies but to stay technologically neutral and therefore securing the competitiveness of all businesses. In allusion to what has been said before — that all standards are not mandatory but voluntary — she said that this may be right, but these standards nevertheless have to be locked up with market surveillance.

In one topic, however, there was a general agreement: Europe, as the biggest market in the world, in which nine out of ten products carry European standards has the power to not only influence it's own economy, but direct the world into the same directions. Standards should not stop at European Borders. Also TTIP gives Europe a good chance to not only set standards in the world of SMEs, but to do that worldwide.

The event ended with **MEP Dr. Paul Rübzig** awarding **Henri Malosse**, former President of the European Economic and Social Council, the Honorary Membership of SME Europe for his outstanding effort in entrepreneurial affairs throughout the last years.

# AUTOMATION – DIGITALISATION – DECARBONISATION



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- ✓ Define research and innovation roadmaps to achieve the vision on the medium-term: ERTRAC roadmaps addresses key transport topics such as Electrification of road transport, Energy Carriers and Powertrains, Integrated Urban Mobility System, Road Safety and Security, Connectivity and Automated Driving, etc.
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- ✓ Contribute to a better coordination between the European, national, and local research and innovation activities, by involving national administrations and cities at European level to share R&D plans, exchange best practices, and collaborate.
- ✓ Promote the European commitment to research and technological development, ensuring that Europe remains an attractive region for research, and enhancing the global competitiveness of the automotive and transport industry.

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# »SME Strategy of the Balkans — what is needed from Europe«

On Thursday, December 3rd 2015, SME Europe of the EPP held a working breakfast on the SME strategy of the Balkans. After introductory remarks by **Dr. Horst Heitz**, Executive Director of the SME Europe, **MEP Davor Stier** from Croatia took the floor. Taking the recent past of the West Balkans into account, he stated that lasting peace will only be guaranteed by prosperity and job growth. He related that with the entry of Croatia into the European Union, a lot of SMEs took the opportunity to reach out toward fresh markets, not only towards the EU but also to the other nations in South-Eastern Europe — resulting in an overall increase of exports by 10% since the entry in the European Union. The main challenges for a further development of the region are exporting standards, organizing financing and cutting red tape — the cost of corruption having one of the biggest negative impacts for the citizens of the Balkans.

**David Müller**, Member of Cabinet of Commissioner Johannes Hahn, presented the latest developments in the European Commission. He focused on economic advance through private investments, which are then supported by the European Union — since local development strategies, when based on reliable industrial policy, are the most efficient path to growth. Only through growth in the SME sector can the challenge of youth unemployment be tackled, which is a huge factor for regional stability. In that scope it is also important that the member states of the European Union stick to their own rules in order to create a good business environment.

**Zdravko Ilic** from the Representative Office of the CCI Serbia in Belgium focused on the ways the European Union can have positive effects on the economic development of the Balkans. Since the Non-EU nations of the Balkans have no direct representation in the European Institutions but have a huge influence on daily business life, it is very important for the representatives of these nations to be heard in an infor-

mal way. The speed of the processing of decisions through the European Union can make a lot of difference in the business environment for the Balkan countries. A main topic in this area is the way non-EU SMEs can tap into EU finance — not only by proper accessibility to financing but also by having the tools and knowledge available to absorb said financial support.

The President of the European Institute of the Regions, **Prof. Franz Schausberger**, put the emphasis on the tight connection between regions, municipalities and SMEs. The administrative support and the development level of the regions vary greatly - therefore it is important to offer a wide variety of tools to ensure the best development possible. A big challenge for the creation of SMEs and new job opportunities is the mind-set of the young people — few are actually interested in taking the risks of entrepreneurship. In order to achieve this change, we should enable young people to go abroad while ensuring that they come back later to further the development of their home country — the brain drain is one of the biggest challenges for the Eastern European countries. Through the structural deficiencies of the South-Eastern European countries, the young people often have good theoretical education, but too few opportunities for practical usage of their specific skills. All the stakeholders should work together to reach this goal.

**Ambassador Goran Stefanic** from the Permanent Representation of the Republic of Croatia to the EU stated that the political stabilization of the region in the last decade sadly didn't translate into new job opportunities for young people. The creation of more SMEs is a key factor to remedy this issue, along with the entry into the European Union and the support through EU funding which comes with the EU Membership. The main responsibility for economic success is with the national governments — the European Union can only support, not take over a more

active role. The key activities of the governments should be to ensure better education, to reduce administrative burdens, to support new concepts and ideas, to provide better access to financial support and to encourage people in founding their own companies.

After the Ambassador, Dr. Horst Heitz entered the podium and extended Mr. Stefanic's argument concerning the creation of new SMEs. The existence of this SME Balkan region problem can be compared with an issue in Germany. The rarity of new entrepreneurs could be based on the fear and following consequences of failure. In Germany, failure is not viewed as an experience enhancing knowledge about how to succeed, but rather as an indicator for lacking future potential. Most entrepreneurs are not given a second chance, limiting the amount of bright minds taking the risk in the first place. A change of mentality is needed in order to create more SMEs. This different approach towards failure has to be spread in Germany and, if the problem is caused by this issue, in the Balkan area.

**Eduard Kukan MEP**, Chair of the Delegation to the EU-Serbia Stabilisation and Association Parliamentary Committee, finished the discussion with explaining the steps which the European Union is taking to ensure that the nations of the Balkans are given a voice in the European Union. He also urged the attendees to ensure that young people in general and from the Balkans specifically are getting the opportunity to make new experiences outside of their home countries. At last, in the question and answer session, **Marko Curavic**, Head of the Unit «Entrepreneurship» in DG Enterprise and Industry, mentioned the «Erasmus Entrepreneurs» programme. This initiative allows young entrepreneurs to work for experienced start-up companies to gain valuable knowledge on how to lead a small firm. This initiative, partly funded by the European Union, enables cross-border exchanges and might help Balkan start-ups to get first-hand experience in the markets of the European Union.



# Why talk about SMEs when you can talk with them?



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# »TTIP — A Chance for SMEs?«



On Tuesday 26th January 2016, **SME Europe of the EPP** in cooperation with the **Martens Centre** hosted a Working Breakfast in the European Parliament on the matter of «**TTIP: A Chance for SMEs?**».

As the host of the event, **MEP Iuliu Winkler** welcomed the guests and gave an introduction to the subject by clarifying how great an impact TTIP would have on small and medium sized enterprises: 80% of European exports going into the United States come from SMEs. This incredible sum of businesses, employers and employees would see their work becoming significantly easier if standards would get adjusted, processes simplified and hurdles lowered.

The panel of experts, invited to speak at this occasion, started with **Maria Åsenius**, Head of Cabinet of Commissioner Malmström. She expressed that she had no doubt of the fact that, once TTIP was finalized, SMEs would greatly profit from the agreement. She stressed that TTIP

wouldn't create a transatlantic digital single market, but that many barriers and costly processes, that have so far discouraged American and European SMEs to export or that have made trade less profitable, would be either diminished or lowered. As of today, for example, a product, that is supposed to be exported to the United States, needs to be inspected twice: first in Europe, and then again in the US itself. This goes for all exports, even if the quality criteria is the same in both places. Such a process costs not only time, but it also produces masses of unnecessary bureaucracy.

**Anthony L. Gardner**, United States Ambassador to the European Union, argued, that creating all these statistics are necessary and good, but that it doesn't suffice to convince critics about the advantages TTIP would bring. He stressed that there should be more emphasis on the stories of entrepreneurs who either export or have tried to do so. Such stories have a more emotional and personal touch and illustrate much better

what both sides try to achieve.

In his statement, **MEP Pablo Zalba Bidegain** pities the fact that the loss of quality or the endangering of environmental standards dominate most debates concerning TTIP. By that, people forget about the actual aim: economic growth and the creation of jobs.

**Eoin Drea**, Research Officer at the Martens Centre, criticises the tendency to have 28 different debates on TTIP within the European Union instead of one. Especially in the case of SMEs it actually doesn't matter where the debate is held, because they are the backbone of every economy and would therefore always profit from an agreement. He also stressed that TTIP represents Europe's last chance to significantly influence the world economy, since its global importance descends in correlation to its decreasing share on the global population.

In connection to the speeches of the experts, guests, among them more than 20 Members of the European

# »TTIP: Chances and challenges for agricultural Family Enterprises in Europe«

Parliament, were invited to give statements of ask questions.

The first who took the chance was **MEP Markus Ferber**, who stressed that entrance barriers to foreign markets always pose a greater hurdle for small or medium sized enterprises than for bigger businesses. The hurdle grows even bigger when businesses try to set up own production places in another country, which again shows how important TTIP would be for this sector. **MEP Peter Jahr**, however, stated, that it was the big companies that cheered the first when TTIP was announced, which made small businesses very suspicious.

**MEP Paul Rübigen** then moved on to criticizing many of the NGOs that oppose TTIP by saying that in the case of many of them, no one really knows how they are financed and therefore no one knows who the player is that lobbies against TTIP in the background. Mr. Gardner supported that statement very much and stated: «I believe in transparency, I believe in civil society — but it goes both ways».

**Chiara Aprea**, a representative from UEAPME, added that, although she and her organization generally support TTIP, non-exporting SMEs are possibly going to have problems after a deal would have been made, since there will be an increased competition. Ms. Åsenius countered that firstly non-exporting SMEs are everything else than a homogenous group and therefore a prediction concerning all of them cannot possibly be made, and secondly, that increased competition is not a negative thing. Supply and quality would very likely increase and the price would fall which in the end would only benefit the customers.

In the end, Ambassador Gardner suggested, in order to convince critics of the good purpose of TTIP that Europe should point to past successes not only in European-American relations, but also to the profiting implementation of other trade deals that were made with other countries, such as the free trade agreement that was negotiated with South Korea.

On Tuesday, 4th March 2016, **SME Europe of the EPP** hosted a working breakfast concerning: «TTIP: Chances and challenges for agricultural family enterprises in Europe in the Salon des Membres of the European Parliament. After a short introduction from **Norbert Lins MEP** who was also the moderator of the event, **Elmar Brok MEP** took the stage».

**Elmar Brok MEP** had pointed out the importance of economic cooperation on both sides of the Atlantic due to the shrinking share of both regions of world trade. «TTIP is useful on the economic side, but necessary in view of foreign policy». Mr. Brok said. This is especially true on the agricultural sector. European farmers could gain big advantages from the opening of US markets by TTIP. But the member of the European Parliament responded also to concerns of many citizens. There are some points where the EU has to defend its own interests fiercely, e.g on protected geographical indications. Talking about food safety standards he demanded a more reasonable discussion, some of them are in the US even higher in Europe. In case of the arbitration courts, Mr Brok said, the negotiations are now on the right track. They should just avoid discriminations of foreign enterprises. In relation to the vote in the parliament he promised: «We will make sure, that the treaty is fair».

The next speaker was **Willi Kampmann**, head of the office for international relations of the German farmers association. Like Brok, he sees TTIP as «geopolitical responsibility». With an reasonable agreement we could «influence the food safety standards all over the world». He also believes that the

removal of non-tariff barriers to trade would bring many opportunities for the European agricultural sector. Some kind of fruits and vegetables can, for instance, just brought into the USA via one harbor. It would be much easier for European entrepreneurs to export their products to the United States if that regulation falls. But Mr. Kampmann also pointed out that the EU has also to conserve certain European standards. There are some import products, e.g. some sorts of meat which need to be protected by the EU through tariffs. Moreover the EU should keep genetically modified foods away from the European market.

**Andreas Thurner**, Head of the office of the agricultural chamber Austria in Brussels, spoke at first about the debate of TTIP in Austria where the free trade agreement is seen even more critically than in Germany. Therefore he remarked that we need to have a fair agreement: «The best way to find the approval of the people for TTIP is to make sure that European food safety standards will be respected». Therefore he demanded protection tariffs on important goods like meat, in order to keep protected geographical indications and to remove non-tariff trade barriers. But Mr. Thurner spoke also about the chances of that free trade agreement. Especially high quality agricultural products would have great opportunities to increase their profit due to TTIP.

Then **Albert Dess MEP** who is also chief executive officer of a big cooperative dairy, took the centre stage. He also sees many good opportunities for European agricultural products



especially the high quality ones on an open U.S. market : «You don't buy an Audi or BMW because of the price, you buy it because it's high quality. It's the same thing with our high quality agricultural products». Mr. Dess said. But the European high quality products often have no access to the American market due to high tariffs. TTIP could really help the farmers who are producing these high quality products. But he also remarked the necessity of looking carefully on the content of the agreement. «I will just know whether I approve TTIP in parliamentary vote, when I have carefully read the whole text of the agreement». Mr. Dess demanded that every free trade agreement has to respect European food and social security standards otherwise he made clear that he would not approve the free trade agreement in parliament. On the other side Mr. Dess also made it very clear in the end that a fair TTIP agreement would bring much more advantages than disadvantages to the European agricultural sector.

During the following discussion the previous arguments were presented in more detail. Kampmann stressed the great economical potential in TTIP standardizing the laws on both sides of the Atlantic, while Thurner pointed out, that the bio food sector would also profit from TTIP. Mr. Dess emphasized again the importance of a fair deal in case of the arbitration courts. The Green MEP Martin Häusling was much more skeptical about TTIP. He had strong concerns about the free trade agreement and had doubts that the European Parliament would refuse a bad deal on TTIP. The speakers strongly disagreed with that view and the MEPs said again they wouldn't approve to a bad contract.

In the end all speakers agreed that TTIP could bring many great opportunities for the European agricultural sector, but that it's necessary to watch carefully on the content of the final agreement.

Finally the moderator Norbert Lins MEP and Mr. Horst Heitz, the Executive Director of SME Europe of the EPP, thanked the speakers and the audience for their attendance and the great discussion.

# »Automated driving — a Boost for European Innovation and Competitiveness«

On 2nd March 2016, **SME EUROPE** in collaboration with **ERTRAC** hosted a working dinner in the European Parliament on the matter of automated driving and the opportunities/risks the development of such technology could affect the European market both socially and economically. The speakers were preceded by a short note of welcome from the Executive Director of SME Europe **Dr. Horst Heitz**.

**Iuliu Winkler MEP** spearheaded the discussion by leading an informative introduction to the issue at hand. He pointed out that Carmakers, tech companies, and innovators in many sectors of the digital economy are throwing their efforts into automated vehicles, and that in the very near future, these vehicles will not need drivers to take an active role, instead, they will scan their environment and communicate with other vehicles and with traffic management systems. Mr. Winkler showed an interest in the Geneva motor show, where many automated driving concepts are currently being showcased in order to attract investment.

**Ismail Ertrug** took the stage to conclude the welcome stage of the discussion by drawing attention to the public view of automated driving. He opened by informing the participants that the German media is focusing significant attention on the development of this concept. Mr. Ertrug went on to say that automated

driving is already in effect, as we can see with onboard navigation systems and parking assistance measures. He went on to say that by 2030, we can expect to see huge advances made towards the automated driving research concept twinned with a substantial reduction in CO<sub>2</sub> output. Despite all these technological advances, Mr. Ertrug is concerned by the EU's lack of attention when it comes to developing the relevant safety and legal frameworks in this sector, he is concerned to such an extent, that he has prepared a written question to be posed during the next Strasbourg plenary session concerning liability law and how the Vienna Convention should be clarified as well as the previously mentioned issues. Mr. Ertrug added as a closing remark that connectivity and communication between infrastructures is essential if this project is to succeed.

After these welcome words and food for thought, our own Executive Director Dr. Horst Heitz warmly welcomed the present SME EUROPE members including Ivan Stefanec and Iuliu Winkler as well as the Table Hosts for the evening; Salvatore Domenico Pogliese MEP and Isabella De Monte MEP.

**Dominique Riquet MEP** opened for the Keynote Speakers by making very clear that he believed that at whatever cost, the transport sector must remain competitive, and on this basis, who will lead this revolution on the



technological field, the suppliers, the designers or the insurance companies? He claimed that in light of these changes in the automotive sector, insurance schemes and frameworks must be revisited and revised. Mr. Riquet then began to highlight his concerns regarding automated driving; he believes firstly that it will be a very difficult feat to attract investment in longterm automated infrastructure and he also worries about the impact automated driving may have on an already very sensitive economy where technology is phasing out human input on many levels. He points out that many driving careers such as taxiing, emergency response services and delivery will be put at risk and potentially lost through the development of such technology.

**Stephan Neugebauer** subsequently occupied the podium and spoke of not only communication between private undertakings and decision makers throughout the development process but the essentiality of engaging the general public in a dialogue throughout the update procedures over the coming years. According to Mr. Neugebauer's slideshow we could expect to see an extreme drop in road related deaths and casualties and reduced congestion on roads as a direct result of the implementation of automated vehicles on the European roads, automated vehicles would also enable mobility to those unable to drive conventionally such as the blind, deaf and the disabled. Mr.

Neugebauer reminded the participants that the change to automated driving would not simply be an overnight phenomenon but rather a long and rather challenging road to such a harmonization project. He also pointed out as earlier remarked that this transformation is already underway with the introduction of distance control and parking assist, we can expect to see much more human responsibilities at the wheel pass to the control of sensors and self-aware software, or as Mr. Neugebauer put it so eloquently phrased it "hands off, feet off, eyes off and eventually, minds off". In contradiction to Mr. Riquet, Mr. Neugebauer argued that millions of jobs will be created through this infrastructure project alone, especially in the telecom industry and in the production of new applicable software and sensors. Mr. Neugebauer argued that an effectively bomb proof communication system on all levels, from production to coordination on the roads is absolutely essential if this project intends to be a success, he also conceded that there are of course issues that need to be addressed including matter of security in terms of data sharing and security. Mr. Neugebauer finished up by re-affirming that the automotive industry forms the backbone of European industry.

Finally, we had the pleasure of welcoming **Majolijn Sonnem**a, Deputy Director General for Mobility and Transport and part of the Ministry of

Infrastructure and Environment in the Dutch Presidency. Mrs. Sonnem informed the participants of the steps taken by the Netherlands to break down barriers impeding the progression of automated driving development. The Netherlands remains the only EU Member State where the testing of automated vehicles is legal on public highways. She re-affirmed that the collaboration of different industry sectors is essential and that she is very proud that the Dutch Presidency is leading the way in the development of the programme through its presidency agenda in the Council of Ministers.

The discussion was at this point opened for general questions from all other participants. Concerns were raised concerning data and telecom requirements, a representative from Orange confirmed that this was an issue which required amalgamation of technology which would hopefully lead to the self-awareness required for vehicles to become fully autonomous on the roads. Another issue raised, was the fact that the EU as an economy is lagging behind other key economies such as South East Asia and the USA in the development of big data. This was addressed and plans for the development of a 5G roadmap were explained which should enable to assist the EU economy in keeping up with development in this field.





# »End of Roaming for Europe's Digital Single Market«

On 19th of April **SME Europe** in cooperation with **MEP Gräfin Thun Hohenstein** hosted a working breakfast on the subject of the importance of the end of roaming for Europe's Digital Single market. Although legislation has been passed in 2015, the political importance and impact of the end of roaming will now begin to be noticed. Moreover, the legislative and economical challenges have yet to be tackled.

**Roza Gräfin von Thun und Hohenstein** MEP opened the Working Breakfast by welcoming the attendees, expressing her gratitude for the great number of participants in spite of the horrible events in Brussels a few weeks earlier. Mrs. Thun und Hohenstein emphasized the political impact of the end of roaming which can be seen as a symbolic decision. She stated that it is crucial to break down barriers in difficult times where the migration crisis and other difficulties test the strength of the EU. Initiatives such as the end of

roaming allow the Union to grow stronger together, trigger awareness of the benefits for citizens and create a Europe of more Union.

**Wolf-Dietrich Grussmann**, Head of European Commission Unit of Regulatory Coordination and Business, started with revisit of the road that led to the end of roaming. He stated that throughout the long process prices decreased throughout Europe while usage has risen. Nevertheless, the diverted national bases comprise an irregularity in the single market which has fostered high Roaming charges over the years. Therefore, Mr. Grussmann stated it was crucial to differentiate between the wholesale and the retail market. While the retail side has been addressed, solutions for the wholesale market are still needed. The two important elements of this were outlined as; the cost recovery for the networks that have been effected, as well as sustainability. However, Mr. Grussmann pointed out that the end of roaming was equally important for citizens as well as businesses through the «Roam Like Home» initiative. The Commission was furthermore setting up the according parameters in order to assure that national prices would not increase drastically. The transition must be especially understood as a key tool to prevent an increase in prices. Mr. Grussmann outlined the next steps in order to achieve the aim of the Directive fully. He stated that the Commission's wholesale review was due by the 15th June. The measures assessed and taken concern the fair use policy, sustainability mechanisms as well as the Impact Assessment and Implementing acts. Finally it is the Commission's goal to deliver upon the commitments made and is therefore on track for the review and Impact assessment. Therefore, in order to assure as swift agreement on the wholesale regulation the proposal will be made by June 2016 in order for the European Parliament and Council to end charges as promised by 2017.

**Luc Hendrickx**, Head of UAPME, opened by picking up on MEP Gräfin von Thun und Hohenstein's statement that roaming was a political and symbolic issue, adding that it was

maybe too symbolic. He stated that in general the end of roaming was positive as every reduction of costs was favorable. Nevertheless, he outlined that the EU was imposing rules on actors that are less European but rather more national similar to the situation with geo-blocking. Mr. Hendrickx went on to raise a series of questions. Firstly, he questioned if the functioning of national roaming on national markets. Secondly, if the Commission is able to monitor the entire market and whether the Commission can safeguard accordingly. Thirdly, if small providers will be able to survive against big players. Fourthly, Mr. Hendrickx pointed out that it was uncertain how prices would develop due to the differences in the national markets. Finally, the difficulties of permanent roaming were outlined through technical difficulties such as machine to machine interaction. In conclusion Mr. Hendrickx stated that the political decision left lots of open questions and uncertainties and further legislation was needed.

Mr. **Markus Stock** from the Head of EU-Office of the Austrian Federal Chamber of Commerce opened the round of statements. He outlined that the Austrian Federal Chamber of Commerce represents approximately 450.000 businesses with the majority being SMES. Mr. Stock stated that it was crucial to see what effects the end of roaming will have on the Telekom sector which he identified as the driver of the single market. Nevertheless, he was uncertain if the average SME would profit from the decision taken as most SMES operate nationally and roaming has not been identified as a relevant cost factor. Moreover, Mr. Stock was worried that an increase in national prices could be the result. He highlighted that what is needed is infrastructure and was uncertain if the legal framework is the right way to go but rather called for the necessity to boost investments to achieve proper infrastructure.

The Head of Government and Regulatory Affairs of America Movil and former Minister of ICT of Macedonia, **Ivo Ivanovski** pointed out that there was a growing demand in quality for which infrastructure is the crucial

key point. He estimated that the EU would need 100 billion euros to achieve its 2020 targets and crucial investments are needed as the EU has fallen behind the USA and Asia. Concerning the difficulties of fair use Mr. Ivanovski highlighted that price differences when buying roaming packages abroad creates imbalances. Finally Mr. Ivanovski called for legislation that would foster and create innovation, jobs etc.

**Valeria Barbaro**, the Head of the Brussels office for Telekom Austria EU Representation, opened by stating that the end of roaming was a burden for Telecom providers as it forced them to change their cost structures, price packaging and others. She identified that the roaming deal is a price regulator, possibly at the expense of quality. Telekom Austria was briefly introduced as a company operating in 8 countries of which 4 are member of the EU. Ms. Barbaro stated that the end of roaming would hamper competitiveness for small providers such as the Telekom Austria. According to her, only a small number of SMES were concerned by the roaming legislation. Ms. Barbaro saw the Telecom Framework Review seen as a chance for everything, meaning that it was a possibility to take the according steps in order to achieve what it should be leading to more Europeanization through less fragmentation creating a level playing field.

In the following discussion the arguments of the speakers were intensified. Brian Hayes MEP pointed out the importance of the end of roaming as political signal to Europe's population to show them that the European Union works to their favor. Other guests stated that abolishing roaming could force operators to be more innovative and that it could also be an incentive for people to go abroad. Mr. Ivanovski emphasized that for the future it will be very important to have good quality of connections. At the end Mr. Grussmann promised that the commission is trying to find a good balance between consumers and operators interest and that they are seriously looking at the addressed concerns.



# »Conference in Sibiu, Romania «Time to rethink SME modern Policy»«



The first Vice president of SME Europe **Iuliu Winkler MEP** opened the conference with a warm welcome and a huge thank you to all guests and speakers for coming to Sibiu. **Carmen Marcus**, Economic Governance Officer of the Representation of the European Commission in Bucharest, gave an introduction towards general financial possibilities for SMEs in Romania. Subsequently **Eberhard Sinner**, President of OstWest Wirtschaftsforum Bayern and former Former State Minister for European Affairs of Bavaria,

emphasized the importance of international cooperation and asked the participants of the conference to use the opportunity to build bridges between countries. In the same direction, **Ingo Friedrich**, President of European Economic Senate, Former Vice-President of the European Parliament and Honourable President of SME EUROPE, pleaded to create the European Common Good together. Afterwards, the Acting President of Sibiu County Council, **Constantin Sovaiala**, presented the advantages of Sibiu for foreign investors. The

city is situated in the center of Romania, has a good infrastructure and less bureaucracy.

#### Panel discussion:

Then the first panel discussion started and tried to answer the question: «From regional structures to global markets — is Europe on the right track to make SMEs fit for the future?» **Ivan Stefanec MEP**, Vice President of SME Europe, pointed out the importance of SMEs for economic growth and presented the efforts by the European parliament to strengthen SMEs. **Zoltan Nagy-Bege**, Bucharest branch President of the Hungarian Economists' Society of Romania, spotlighted on renewable energies as important future market. **Eberhard Sinner**, the President of OstWest Wirtschaftsforum Bayern and former State Minister for European Affairs of Bavaria, emphasized that European cooperation is a necessity for all European member states and that especially SME are profiting from that cooperation. **Christian Weinberger**, Senior Adviser and Business Co-ordinator for the Danube Region and EU Macroregional Strategies at the Federal Ministry for European Integration and Foreign Affairs of Austria, presented various projects of cooperation between European regions. He emphasized that it is important for investors to invest not just in projects but also in the education of workers to make their investments profitable.

After a short coffee break the second Panel discussion «European Financial and Subsidies Policy — Between Grants, Taxes and Competition (especially in the context of middle and Eastern Europe)» started. First **Paul Rübig MEP**, Honourable President of SME EUROPE, named conditions for an investor and SME friendly environment: A fair tax system, investments in education and low trade barriers for SMEs. An environment with these conditions fulfilled will bring prosperity for all citizens. **Carmen Marcus** took the chance to present the European Commission's Agenda to support economic growth in the European countries. She said that, in case of Romania, measures have to be taken to strengthen the trust of the people into Romanian

institutions to improve the business environment. **Agnes Nagy**, Board member of the Central Bank of Romania and professor University of Babes-Bolyai Cluj-Napoca, presented the macroeconomic data of Romania. The country has shown a very positive development and provides a lot of good investment opportunities. However she also warned that there is a danger of a growth in GDP of 3% and an unsustainable increase in wages of 12%, which structurally speaking is no easy task to fulfil.

After the second panel discussion the participants were invited to an official welcome at the city hall of Sibiu. This welcome was organized by **Astrid Cora Fodor**, Mayor of Sibiu, which emphasized the good development of Sibiu in the last year and the bright future to come.

The afternoon session handled the following matter: «European Funds and Business Cases» with **Rolf Baron von Hohenau**, President of the Taxpayers Association of Europe and President of the Bavarian Taxpayers Association, encouraging the constant pursuit of tax evaders whilst **Michael Jäger**, Chief Executive Director of the European Economic Senate, highlighted that companies must take responsibilities indeed for their successes but also their shortcomings, if they are to be effective in future projects. **Eugen Iordanescu**, Director General of the Chamber of Commerce, Industry and Agriculture Sibiu, claimed that public spending is responsible for making Sibiu what it is today. Infrastructure has been built through public decisions and cooperation. **Wiegard Helmut Fleischer**, Executive Director of the German Economic Club of Transylvania, added that Klaus Joh, President of Romania (2000–2015) helped bringing out the very best of Sibiu by attracting foreign investors, a development resulting in long term working positions for many people. He also suggested that the need for follow ups on pilot projects are necessary in order to ensure a secure future.

After the panel discussion, the participants enjoyed a Lecture on: «Financing possibilities for companies» by **Ágoston Olti**, Chief Executive Officer

of OTP Consulting. He proceeded to explain that many new opportunities for SMEs in terms of funding have been made available through schemes such as Horizon 2020. However, he mentioned that many SMEs were unable to profit from such support as they were hindered in areas such as: Financial reform, bureaucracy, no support from SME projects and lack of ICT opportunities.

**Rudolf Lukavsky**, Commercial Counsellor of the Austrian Embassy, followed by conducting a lecture on: «Business Environment and Investments in Romania». Mr. Lukavsky explained that Austria is the top European investor in CEE countries. He acknowledged that FDI is highly important in Romania and that most GDP comes from this FDI. He went on to highlight the attractions of Romania as an investment due to its knowledge of languages, similar culture, infrastructure plans and competitive labour costs amongst many others. However, he also stated the draw backs as a lack of transparency and bureaucracy in national institutions. He finished off my mentioning the success of Austrian enterprises in Romania such as Raiffeisenbank and OMV.

The last lecture was conducted by **Christian Mainka**, Secretary for Economic Development and Project Management of Wennigsen City, on the matter of: «European funds — Experience sharing of Success Projects». He presented his ideas for the most successful and effective uses of EU funding in various actions and subsidies. He also addressed the development of programmes for SMEs including funding and projects, as well as the availability of consultation, personal service providers and workforce qualifications.

**Iuliu Winkler MEP** took the closing word by saying that every crisis has made Europe stronger and that many opportunities lie before SMEs in Europe. He went on to state that SME EUROPE believes in Europe and that a prosperous SME sector leads to a prosperous community.



# »The Launch of the Working Group Tourism on Tourism for Growth and Jobs Manifesto«



On 25th of May **SME Europe of the EPP**, the **European Travel Commission**, **Amadeus** in cooperation with the **European Tourism Manifesto stakeholders** and **MEP Cláudia Monteiro de Aguiar** hosted a Network Reception in the European Parliament for the launch of the Working Group on: **Tourism for Growth and Jobs Manifesto**.

The **Tourism for Growth and Jobs Manifesto** highlights the key EU Policy priorities for the sector in the coming years on topics ranging from skills and qualifications to sustainability and competitiveness of Europe's tourism. Over 20 European organisations have already signed up to the Manifesto which seeks to ensure that the continent remains an attractive destination and that the sector continues to make a significant contribution to the EU economy. This sector stimulates economic growth by generating income, employment, investment and exports. It also generates valuable spin-off benefits, including preservation of

cultural heritage, improved infrastructure, local community facilities and stronger awareness of European citizenship.

**Cláudia Monteiro de Aguiar MEP**, Member of the Committee on Transport and Tourism, Member of SME Europe, Chair of the SME Working Group on Tourism opened the reception by welcoming the attendees, and expressing her gratitude to all organizations, participating in the manifesto, and those who supported the event. She outlined that over 20 of Europe's public and private tourism actors signed the manifesto and that it could not have come at a better time. She explained that in order for the manifesto speak with one voice, a new strategy is needed to do more for this important industry by creating sustainability and competitiveness for Europe's tourism.

**Dr. Paul Rübzig MEP**, the Honorary President of SME Europe pointed out in his speech, that the real world has to meet the virtual world, by mod-

ernizing infrastructure and creating a level of playing field.

The Keynote Speaker of the event was **Antonio Tajani MEP**, the Vice-President of the European Parliament and Former Commissioner for Tourism and the Honorary Member of SME Europe. Mr. Tajani opened by emphasizing the significance of tourism as a leading economic sector, which seeks new advertisement strategy not only to sustain, but also increase competitiveness with other continents. He said that we need to develop the Tourism sector by investments, as it has always been a leading industry. The Vice-President also suggested, that we need to take care of the younger generations by offering them the best education, and reassuring them that there will be professional, skilled labour working in this industry. The actors and stakeholders of this sector need to work together to find solutions in cooperation with the European Parliament, European Commission and the Council of the European Union.

# »Humanitarian and Economic Challenges through the Refugee Crisis and Migration – What are Europe’s Answers«

**Juan Jesus Garcia Sanchez**, the Senior Advisor of Amadeus IT, started his statement by introducing Amadeus saying, that it provides the technology, which keeps the travel sector moving. Therefore he also found it important to support the Tourism Manifesto from the beginning and he wishes to invite more stakeholders to participate.

The last speaker of the event, was **Eduardo Santander**, the Executive Director of the ETC and Chairman of the manifesto. He pointed out that unfortunately this sector in the European Union is losing competitiveness, but it is still the number one destination for tourists. «Now that we have a common voice through the manifesto, the needs of new economic policies could reach the European politicians much more easily, now we also have a chance to modify and create a new economic environment, which will bring the possibility of reform to the industry of Tourism».

**SME Europe of the EPP** was delighted to host a two part debate over the course of a day handling the following issue: «Humanitarian and economic challenges through the refugee crisis and migration — What are Europe’s answers?»

The first part of the debate was held in the Salon des Membres in the European Parliament where the participants enjoyed an agreeable lunch whilst listening to the panel consisting of Dr. Thomas Mann MEP, Johannes Hintersberger (State Secretary of the Bavarian State Ministry for Work, Family, and Social Integration), Rolf Baron von Hohenhau (President of the Taxpayers Association of Europe and President of the Bavarian Taxpayers Association), Eduard Kastner (Senator of the European Economic Senate), and a surprise guest; Michael Köhler (Director Neighbourhood, Directorate-General for Development Cooperation, European Commission).

**Dr. Horst Heitz** kicked off the days’ activities by welcoming all guests and cooperation partners of SME Europe. **Dr. Thomas Mann MEP** then commenced the official programme with his own welcome speech and introduction to the topic. The first aspect Mr. Mann addressed was his fear that the training of migrants to fulfil roles in society could be separated from that of the indigenous European peoples, this he said, must be avoided at all costs. He also acknowledged that many Europeans today feel that the political scene is running away from this rather controversial topic but however reassured all that this issue is of primary concern for EU level politicians. He also felt it important to distinguish between the classification of different

migrant groups such as refugees and economic migrants for example. He also insisted on the availability of language courses for migrants so that they have the linguistic skills to enter traineeships and thus create an integrated working market in the target state.

**Baron Rolf von Hohenhau** commenced the statements phase of the discussion by agreeing with the urgency for effective integration of Migrants into the work market. He mentioned that whilst indigenous population may make up the numbers of anti-immigration discourse, early settled generations of migrants are also very opposed to the arrival of new migrants. On this point, he further explained that people are not worried by the comparatively small figure of migrants accepted so far, but by what this number may become in the next years through further future intakes. The question he posed from this was how we can modify today’s infrastructure to deal with future influxes of migrants without the politicians losing control of the situation. As a closing remark, he urged the participants to view this discussion from a political standpoint as well as an economic position.

**Johannes Hintersberger** stated that this situation is perhaps the greatest humanitarian crisis faced since the termination of WWII. He disagreed with Baron von Hohenhau’s assertion that this is a political question, but that rather that it is a generational question. He agreed that integrated work through training and work would be a pillar of success on the path of complete integration for migrants. He connected these points





Köhler stated that EU Commission statistics demonstrate that warzones are responsible for producing 80% of directly threatened migrants in refugee category. He said that the question at this point in time should not be a yes or no to migrants, but rather, now they are already here, how will we manage the situation?

These discussion points were put forward to the discussion participants and were discussed later in the second part of the programme in the South Tyrolean Representative in Brussels. The Panel experienced a slight reshuffle with the addition of Mr. Herbert Dorfmann MEP and the departure of Mr. Kastler.

**Dr. Ingo Friedrich** (Former Vice-president of the European Parliament) opened this stage of the discussion by welcoming the participants and presenting the topic and encouraging participation from the audience in terms of interaction with the panel.

The participants all reiterated their arguments and appropriate justifications from the first phase of the discussion. The newest addition to the panel, Mr. Dorfmann now had a chance to add his observations. He started by using South Tyrol as a success story of integration in the past. His next point targeted the classification of migrants, he felt that if different migrant groups could be more easily identified, then many of the obstacles surrounding this debate would be automatically dismantled accordingly.

The interaction from the participants brought the discussion to the realities faced by the lay person. Many showed an interest in what form the language training courses would take, and whether it would also open up work opportunities to youths working in linguistic fields. Another debate sparking point was what the «plan B» would be comprised of if the migrants decided to stay a period longer than five years instead of going back to their countries of origin. Questions were also asked on whether politicians really felt themselves in control of the situation and asked what they thought the EU would look like in twenty years' time after operating such an immigration policy.



with SME EUROPE'S position by stating that he felt it was important that policy makers should have a strong connection with SMEs and larger corporations in order to integrate the work markets.

**Eduard Kastner** agreed with the importance of the development of language courses for migrants and also suggested that migrants will probably stay longer in the host country, and

therefore, longer term solutions need to be developed to cater for this. He also suggested that the pressure of media attention be removed so that the mechanisms in place can function accordingly.

Wrapping up the lunch discussion was **Michael Köhler**, who extolled the efforts of South German SMEs notably in the Passau region for accommodating migrants in their dealings. Mr.

# »The Human Dimension of Energy Efficiency in Buildings«



On 14th of June, **SME Europe** in cooperation with the **European Heat Pump Association** as well as the **European Building Automation Controls Association (EU.BAC.)** held a Working Breakfast on The Human Dimension of Energy Efficiency in Buildings. President of SME Europe **Bendt Bendtsen MEP**, welcomed the guest by emphasizing the importance of the issue at hand. He outlined that it is crucial to listen closely to the consumers as there was now the opportunity to generate untapped potential in the field of energy efficiency.

**Thomas Novak**, Secretary General of the European Heat Pump Association, identified price as the key factor within the chain of decisions to be made by consumers. The Commission as well as other Member states should therefore learn from successful countries such as Denmark. Moreover, Mr. Novak stated that smart grids were another source holding substantial benefits. Additionally, installers must be seen as

gatekeepers and SMEs as the Keys in the further development of the sector. **Claudia Canevari**, Deputy Head of the Unit Energy Efficiency, provided a general presentation of the Commission's work on the subject. She emphasized the importance of the Security of Supply Package as well as the Strategy for Heating and Cooling I&II as these can contribute to an overall reduction of energy. Furthermore, Ms. Canevari identified wasted heat as well as wasted cold as areas of issues especially in the context of buildings.

**Steven Worrall** from EON focused on influencing consumer purchasing decision in favor of low carbon heat. He outlined that a consumer pull was necessary in order to generate demand. Mr. Worrall presented three elements to achieve this pull, benefit, communication and emotional engagement. He emphasized that by stimulating these relevant factors consumer purchasing will significantly increase. **Luca Gorno**, Daikin Italy, outlined the lack

in information which could be tackled with a communication campaign. Moreover, he stated that the general approach towards the topic needed a change in dictionary meaning that costs must be understood as investments. Finally, practice management must be supported with extensive special training such in the case of Daikin Italy where installers has now become 360 consultants.

**Riccardo Viaggi**, from the European Builders Confederation EBC, stated that the building sector generated 9% of EU GDP through mostly SMEs with less than 10 employees. Moreover, although the crisis has been ongoing in the sector there is potential to generate substantial business. However, it is crucial that now a day's traders work together as building have become interconnected habitats.

The Working Breakfast was concluded by a brief discussion and general closing remarks by MEP Bendtsen











# SME CIRCLE

«As former minister for business and SMEs, and current President of SME Europe, I find it crucial that we at EU-level establish and maintain easy-to-access financial tools for SMEs. We know that access to finance is the main concern for SMEs in Europe — along with administrative burdens. Therefore, the financial tools must be easily accessible, with a minimum of red tape and administrative troubles for the SMEs. Together with an active EU trade policy and thereby expansion of the potential markets for SMEs, these are areas where EU can really provide added value and growth to Europeans. Eventually, I trust that we can provide the good conditions needed for our SMEs, who are so crucial for growth and jobs in Europe».



Bendt Bendtsen

«As a member of the EPP SME Circle I believe there are a number of areas that should be prioritised. The digital skills gap must be addressed through appropriate training and education- SMEs with an online presence grow twice as fast as those that do not, and are 50% more likely



Deirdre Clune



Birgit Collin-Langen

«Small and medium sized enterprises (SME) are the backbone of our European economy. Their ability to react flexibly and fast to changed market requirements and to new challenges is further developed than it is in large companies. They make an invaluable contribution to the creation and securing of jobs and training positions and have an important impact for a balanced social politics. Therefore our goal must be to strengthen the profitability of SMEs especially in the light of increased globalisation and minimise size-related disadvantages in the direct competition with large companies».



Daniel Caspary

«Being an economist by profession, I have been serving as an MEP since 2004. Since 2009, I am the coordinator of the EPP-Group in the EP's committee on International Trade (INTA). Globalisation is dominated by the big companies. For SMEs especially, it is important to have a rules-based global trade and an easy access to foreign markets. Moreover, they need a powerful protection against unfair trading practices. That is what we fight for».

to expand outside their region. Access to finance must be improved for those that cannot access traditional methods, and I want to ensure that schemes such as microfinance and state backed guarantees are expanded. I would also like to see a reduction in the amount of duplication of documentation that SMEs experience and cut down on unnecessary red tape. Those willing to take a risk in starting their own business should also be encouraged by ensuring there are adequate bankruptcy laws and welfare supports available if needed».



Markus Pieper

«Administrative burden are the biggest challenge for SMEs. Therefore, I am fighting for reducing red tape, in new legislation as well as existing one. Impact assessment with a binding SME-test contributes substantially to evaluate the added value of legislation. Does a new regulation really improve the situation for SMEs? The SME Circle constantly asks this question and acts accordingly!»



Markus Ferber

«Designing a Capital Market Union that facilitates funding and thus enables growth for SMEs is a main upcoming challenge. On the company side, access to finance as well as fair tax rules encourage entrepreneurs. But also from a macroeconomic perspective, a stable Euro and an attractive regulatory framework foster investments. It takes a lot of effort and many small steps to achieve these goals. However, for the benefit of SMEs every single step is worth fighting for!»

«SMEs are the backbone of the European economy. Compared to large enterprises, they have performed pretty well during the economic crisis, guaranteeing their employees a certain degree of job security. However, even if everybody acknowledges the importance of SMEs for the EU economic system, the current legislation does not take sufficiently into account their needs. Indeed, there is an excess of bureaucracy and often laws do not distinguish between large and small enterprises. Let's take the example of the banking sector: here, the new regulation requirements do not differentiate sufficiently between big and small banks. This often leaves small banks with no other option than to merge into bigger banks. This is a scenario which has to be avoided with all possible means».



Herbert Dorfmann



Jens Gieseke

«As a member of the SME circle and through my previous work as a lawyer I fully understand and realise the needs and challenges of SMEs. Of course, I try to bring this into my work in the Parliament wherever possible. To name a concrete example I am currently the vice-coordinator for the EPP in the Inquiry Committee on Car Emissions (EMIS). Around twelve million people employed in the automotive sector keep a watchful eye on our work and many of them are employed by SMEs. These companies are an important part of our economy and I will therefore not accept that the committee turns into a witch-hunt on the automotive sector. Too many jobs — not just in my constituency — are at stake».

«We have to connect the Single Market Strategy presented by the European Commission in October 2015 to the Small Business Act and make sure both are implemented at the same time. There is an urgent need to eliminate the remaining barriers from the single market and in this regard we share a great responsibility to ensure that the regulatory framework is SME-friendly. We have to make EU law lighter, simpler and less costly as envisaged in the REFIT initiative. Less bureaucracy and regulatory burden and better access to finance are catchphrases we need to fill with life. In my role as rapporteur for a report on access to finance for SMEs I will make sure that the need for finance, especially for high growth SMEs, will be discussed in detail. It is important that these motors for innovation get their funding in Europe and don't have to move to other parts of the world. Europe needs bright minds and fresh ideas to raise its competitiveness in our globalized world».



Othmar Karas



Ivan Stefanec

«SMEs are the engine of the EU economy contributing to the creation of jobs, growth and innovation. In order to facilitate the set-up of companies across the EU, administrative and legal barriers should be eliminated in order to make all procedures easier and less costly. Moreover, where relevant, digitalization should become an integral part of business processes as it carries huge potential for improving the competitiveness of European SMEs. Less red tape would encourage more active entrepreneurship and also help a special category of SMEs — family businesses — which could be more easily formed, sustained and made profitable. Moreover, I am convinced that on the transatlantic level TTIP will enable both European SMEs and their counterparts in the U.S. to discover new business opportunities and shape the world economy».

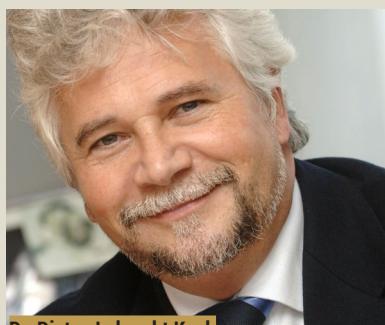


## SME CIRCLE

«The more freedom, the more entrepreneurship». The fundamental barrier to the entrepreneurship in Europe is the restriction of the freedom of doing business. The ever-increasing bureaucracy, controls and supervision, newly-introduced bans, injunctions and penalties deter people from starting businesses and creating new jobs. This does not help the economic development and discourages citizens from taking responsibility for their own future. The lawmaking process should be improved in order to reduce administrative burden, especially for SMEs».



Adam Szejnfeld



Dr. Dieter-Lebrecht Koch

«The single market is undergoing a big transformation due to digitalisation. A lack of finance and digital skills impede SMEs to keep pace with this development. Less than 2% of SMEs are using the latest technology. That's why we need to identify the skills gap and to ensure that SMEs obtain special support for training and the application of digital skills. Moreover we have to ensure that the right frameworks and economic incentives are available to support digitalisation across all industries and help SMEs to make the most out of this huge potential».



Sirpa Pietikainen

«As leading expert for food legislation in the European Parliament, I have to deal with a sector with the highest SME share in the EU. 99% of European food and drink companies are SMEs, not to mention the many family businesses in the hospitality sector. Together, these SMEs employ 2.9 million citizens in the EU and account for 50% of the turnover in the food and drink sector. Reducing the administrative burden and keeping in mind the impact on and feasibility for SMEs must therefore be a main objective when drafting EU legislation on and around food. Thereby we can not only save important jobs but also guarantee the survival of the impressive diversity of our traditional regional specialities in the EU».



Renate Sommer

«Small and medium-sized enterprises represent 99 % of all businesses in the EU, and they make up two-thirds of the total employment in private sector. SMEs are the backbone of European entrepreneurship, employment, innovation and economic resilience. The prosperity of SMEs should form the core of European economic growth, and I would like to see the EU to become the world's best place of establishment for small and medium-sized companies».



Thomas Mann

«Small and medium-sized enterprises are the backbone of Europe's social market economy. Almost 99% of all businesses in Europe are SMEs. They provide two out of three private sector jobs. Growth, employment, welfare and social justice are SME driven. We say no to burdens on SMEs, across all policy fields and ask for a consistent application of the think small first principle. We demand initiatives to ensure their competitiveness, development, funding, innovative power and market access. SMEs are a cornerstone of our EPP strategy to tackle the crisis. So, I am convinced: No growth and jobs in Europe without SMEs!»



Norbert Lins

«Small and medium-sized enterprises continue to play a substantial role for economic growth, innovation and social integration, especially in rural areas such as my region. In fact, they are the backbone of rural areas in the EU and create a significant number of jobs and increase the attractiveness and competitiveness of these regions. We should not only advocate existing SMEs, it should furthermore be our aim to encourage the creation of start-ups. Financial support should be made available and EU legislation in favour of SMEs is to be strengthened and continued by avoiding bureaucratic burden and red tape».

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# SME

## STAR AWARDS

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