

## NOTE

14 April 2008

Exped. no. 534150

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### Danish Priorities for the Small Business Act

#### General remarks

Denmark welcomes the plans for a Small Business Act and fully supports an agenda of strengthening the SMEs in Europe and unfolding growth potentials of entrepreneurial and innovative businesses.

The Small Business Act should focus on improving the framework conditions, rather than creating specific regulatory schemes and exemptions from general EU legislation, i.e. state aid rules, which risk distorting competition and well-functioning markets for certain sectors or business types.

In the text below, our initial thoughts on specific initiatives and measures for the Small Business Act are pointed out, but do not form an exhaustive list;

#### Better regulation for the benefit of SMEs - Reduction of administrative burdens for SMEs

In accordance with the overall objective of better regulation, Denmark finds that the SME initiative should focus on the reduction of administrative burdens for SMEs. The general reduction of administrative burdens will positively effect SMEs more than large enterprises, because regulative burdens are heavier to bear for SMEs who have fewer resources to deal with these burdens than larger businesses. Impact assessments of future measures or reviews of existing measures should include a specific assessment of the effect on SMEs.

#### *Handling of data*

Especially regarding reporting and registrations from enterprises for statistical or other administrative purposes, significant reductions could be made;

- by use of and further development of new digital solutions for reporting, registration and publication (e.g. XBRL) – where the effect of measure is proportionate to the cost.
- by increased use of existing information accessible in administrative registers
- by optimizing random controls, so that the number of businesses involved is reduced

It is important that the reduction of administrative burdens does not undermine other priorities such as product and consumer safety or workforce safety. The above mentioned suggestions would reduce burdens for enterprises without undermining other priorities.

#### *Fixed dates for implementation*

To give the SME a further “time out”, Denmark encourages the Commission to look into the introduction of fixed dates for the national implementation of EU legislation pertaining to businesses. Fixed implementation dates would make it easier for SMEs to adjust to new legislation and improve their crossborder activities.

#### *Introduction of a European Private Company Statute (EPC)*

The previously announced plan from the Commission for the introduction of a European Private Company Statute (EPC), would also be of great importance, especially for SMEs who hereby get better access to establish and to consolidate their businesses both nationally and across borders. Denmark supports an EPC initiative, but hopes for a more flexible process, than was the case with the European Company Statute.

#### *Introduction of “internal market burden chasers”*

Furthermore, Denmark suggests that the Commission should conduct an initiative where an SME engaged in cross border activity is followed during different forms of interaction with authorities in individual member states as well as authorities at EU-level. The scope of the initiative is to test the mobility of SME's within the EU and to identify obstacles faced by SME's engaged in cross border activity within the EU. Furthermore, the initiative could be used to investigate areas where SME interaction with EU authorities could be simplified, thus benefiting both authorities and businesses. A similar project at national level in Denmark has shown that such benefits can be obtained by simplification, digitalization and reuse of data.

#### *Reduction of “irritation burdens”*

In general, the above mentioned initiatives should be carried out based on user-driven methods involving the business sector. E.g. in Denmark a project currently being carried out, focuses on how to reduce the so-called “irritation burdens” faced by SMEs. In this context a series of interviews with companies have been set up in order to learn, not only about measurable burdens, but also how regulation affects SMEs everyday life and what ideas they have for simplification and overall improvement of the regulation they face.

**Initiatives:**

1. Use of and further development of new digital solutions for reporting, registration and publication (e.g. XBRL) – where the effect of the measure is proportionate to the cost of it.
2. Increased use of existing information accessible in administrative registers
3. Optimized random controls
4. Fixed dates for implementing
5. Introduction of “burden chasers”
6. Introduction of project regarding “irritation burdens”

**Access to public procurement**

Denmark supports, within the existing regulation on public procurement, measures to help SMEs compete for public contracts. Such measures could include improving the transparency of public procurement by focusing on raising awareness, improving information, simplifying processes and increasing public procurement expertise through training proposals. However measures should not be discriminatory and should only be applied where the effect of the measure is proportionate to the cost of it. Denmark supports the development of a Code of Conduct on public procurement aimed at the member states. Such a Code of Conduct could outline appropriate measures and formulas, which could help contracting authorities, define relevant and proportionate requirements. In addition, it could be an effective soft tool, aimed at furthering SMEs access to public procurement.

Furthermore, Denmark suggests that the Commission considers raising the current threshold amounts used to decide whether the provisions of the Public Procurement Directive shall be applied to a public supply or services contract. To increase transparency in relation to contracts not or not fully subject to the provisions of the Public Procurement Directive, Denmark furthermore suggests that member states are obligated to establish a national publication platform. On this national platform the member state shall advertise all public contracts, not subject to the provisions of the Public Procurement Directive and above a certain minimum amount. The Commission should conduct a further analysis, to set this threshold value. This will help ensure a degree of advertising sufficient to enable markets to be more open to competition for these contracts. This proposal will furthermore not change the member states prerogative to dictate the content of specific national rules regarding such contracts. To ensure op-

timal transparency Tenders Electronic Daily should link directly to the national publication platforms in the member states.

To further support SMEs, there should be a focus on bettering the access to public procurement in 3<sup>rd</sup> countries.

#### Initiatives

1. The Commission should consider raising the threshold amounts for which the Public Procurement Directive applies, and obligate the member states to establish national publication platforms for contracts not or not fully subject to the provisions of the Public Procurement Directive. Tenders Electronic Daily should link directly to these national publication platforms.
2. Introduction of a Code of Conduct outlining guidelines to help public authorities to define relevant and proportionate requirements.

#### **Better access to knowledge and innovation**

Innovation is a particular challenge for SMEs. Innovation requires resources both in terms of finance and human resources. Denmark finds that the Small Business Act should address this challenge and include initiatives that aim at improving SME access to innovation, including user-driven innovation and better exploitation of the knowledge within enterprises. The Small Business Act should also better the access for SMEs to funding through the European framework programs.

The facilitating of SMEs access to knowledge and encouragement of their innovation potentials can prove important for strengthening the competitiveness of SMEs and should therefore be addressed in the Small Business initiative.

In the recent years Denmark has worked to enhance enterprises' access to knowledge by setting up a national strategy. This strategy includes several initiatives, which, in coherence with initiatives on national level, could be unfolded on the EU level to the benefit of European SMEs in general where further analyses show that the effect of the measure is proportionate to the cost of it. These initiatives include;

- Setting up an electronic marketplace for IPR, where it is possible to trade knowledge and IPR
- Introduction of a patent insurance which covers patent owner's costs for enforcement of their patent rights against patent infringers. Patent insurance is offered by private companies and it is voluntary for the patent owners, if they want to buy such insurance. On a European level, an insurance initiative could be extended to cover all types of IPR.

It is important to break down barriers for the trade of knowledge and to help traders to locate each other. The Danish electronic marketplace for IPR is a forum where both Danish and foreign enterprises can put their patents and licenses on the market in order to sell or buy knowledge. This initiative also helps to make the market for knowledge more transparent.

For the time being the marketplace only relates to patents, but the plan is to expanding the marketplace to also deal with trademarks.

Denmark encourages the Commission to look into whether some of these initiatives currently present in Denmark could be unfolded on an EU level.

The costs for obtaining patent protection and for enforcement of patent rights are especially burdensome for SMEs. The Small Business Act should therefore contain a link to the ongoing discussion of the establishment of a common European patent court and a community patent as these initiatives can reduce such costs.

#### Initiatives

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#### **SME policy and CSR (corporate social responsibility)**

CSR has increasingly become a market requirement, and the competitiveness of enterprises can be strengthened through support and greater visibility of their voluntary strategic work with social, ethical and environmental issues. CSR and the use of CSR as a competitive advantage is especially challenging for SMEs, who often lack awareness of the strategic use of CSR or lack specific knowledge on how to implement CSR within their business plans. Business-driven CSR could improve the growth and business potential for SME and Denmark finds that the Small Business initiative therefore should focus on business driven CSR and include training, tools and supportive initiatives to improve SMEs work with CSR. We have some good experiences taking CSR into a relevant context for SMEs.

CSR Compass: The CSR Compass is a reporting and Code of Conduct tool that aims at guiding companies on how to handle CSR demands from customers by developing an individual declaration that complies with the customer CSR claim. The Compass also aims at guiding companies on

how to implement CSR standards in the company supply chain e.g. through the use of a Code of Conduct.

This specific initiative and tool can make CSR more tangible and present for European SMEs and are good examples on how to make CSR more pertinent and more applicable for SMEs.

As an example of how SMEs can be assisted in their work with CSR the ecolabel can be highlighted as an interesting example. The EU Ecolabelling Scheme (Regulation 1980/2000) provides in many ways a cost effective and suitable tool for SMEs to market their product as a third part certified environmentally less hazardous product. The EU Ecolabel scheme already provides a reduction in fees for SMEs but the SBA could strengthen the uptake of ecolabels among SMEs by targeted marketing campaigns towards and/or together with SMEs.

#### Initiatives

##### 1. Introduction of a European CSR Compass

#### **Better Access to standardisation**

Denmark would like to emphasise the importance of enhancing SME participation in European standardisation work in order to further reduce the technical barriers SMEs face when trying to place their products on the market. Denmark will support measures aimed at improving SMEs knowledge of standardisation work and enhancing the participation of SMEs in the European standardisation work.

It is preferable that enhanced SME participation is achieved through strengthened framework conditions for SMEs and not through direct financial support. Focus should be on introductions and increased information.

Also here, Denmark can refer to national initiatives which could make an inspiration for the European process. In Denmark we have supported a number of initiatives at the national level which aim at strengthening the framework conditions for SME participation in standardisation work. To provide an example it can be mentioned that the Danish government has supported Danish Standard's efforts to develop a homepage aimed at helping SMEs implement the new European construction norms (EUROCODES). The government also supports certain information- and marketing campaigns specifically directed at SMEs with the intention of raising awareness about standardisation issues among SMEs.

**Initiatives:**

1. Information campaigns on standardisation
2. Introduction of a homepage aimed at helping SMEs implement the new European construction norms

**Access to finance**

Denmark finds that an important part of a Small Business initiative is to ensure SMEs access to finance. A larger focus on SMEs within the European Investment Bank, could help this come through.

In general, to ensure SMEs access to finance, there should be a focus on technical barriers for investments. In Denmark we have very few barriers regarding business regulation or taxation, which would hinder investments. Initiatives for a general reduction of technical barriers for investments throughout Europe will be welcomed by Denmark.

Especially for SME, the market for venture capital is insufficient. Therefore there is a special need to focus on access to finance.

In Denmark we are currently looking at the market for venture capital particularly focusing on the link between access to venture capital and the establishment of an increasing number of SMEs with high growth potential. Denmark would suggest bringing the perspective of venture capital into the Small Business Act in conjunctions of the recent communication from the Commission.

Another way to address the question of access to finance for SMEs is to link the Small Business Act to JEREMIE, the Commission initiative to better the access to finance for SMEs based on the instruments of the structural funds.

Furthermore, there should be special focus on access to venture capital within the framework programs for research. Finally SMEs would greatly benefit from easily accessible information about the framework programs and better guidance to other EU funding schemes.

**Support on global markets**

Many SMEs operate on global markets. Some are global in nature in relying on production facilities outside the EU, while maintaining design and development inside the EU.

It is important to strengthen the European SMEs to face the many challenges of globalisation. Since global competition necessarily also means competition between European businesses on the global markets such schemes must be European in scope.

The Small Business Act should therefore also focus on SMEs access to growth markets or production possibilities outside the European Union. A broad EU platform would more effectively influence local political and administrative processes on growth markets and break down market barriers. However, these initiatives should not duplicate national efforts. The extension of European Business Centres on central growth markets should be focused on breaking down general trade barriers impeding groups of EU companies and thus function as a form of permanent market access teams. Denmark supports the establishment of a European help-desk in 3. countries, which can provide legal and practical assistance, and be of great help specifically for SMEs.

### **Environmental challenges – opportunities for SMEs**

Denmark supports the Commissions work to enhance SMEs capacity to improve their environmental performance by e.g. support for implementing EMAS and other environmental or energy management systems. The Small Business Act should reinforce this work.

Denmark also supports the Commissions effort to provide SMEs easily accessible information about present and expected environmental standards and requirements. However we encourage the Commission to explore whether this information could be improved.

Lastly several SMEs also play a central role in the innovation process for developing and commercialising new environmental solutions. It is therefore important that the Small Business Act also supports the SMEs active participation in eco-innovation programs and activities such as the proclaimed Environmental Technology Verification system and the various technological platforms. The Commission could also support SMEs eco-innovation by addressing prioritized environmental challenges where developments of new technologies are needed.

### **Information and Communication**

Information about the rights and possibilities of businesses is often difficult to obtain for SMEs – especially for SMEs that are setting up in a foreign country or SMEs that engage in cross-border activities.

Making information available or producing guidelines in English, and perhaps more official European languages, on essential national rules of establishment, taxations, accounting etc. would take away some of the barriers that SMEs encounter when getting established in an other country or growing across borders. Simplifying procedures to make one-stop-shop solutions, where businesses can gather information and also address reporting and registrations for public authorities would make life easier for SMEs. This could also help the interchange of information between public authorities within member states, which ultimately would benefit the SMEs as well.



There is an existing platform for information regarding enterprises at EU level. Also national information platforms exist within the member states. In Denmark we have established an Internal Market Center, centralising information services and problem solving activities as SOLVIT, which forms a good example of an information platform. Denmark finds that there might be a need for an increased communication within the member states on the existing information platforms and therefore, would be reasonable to introduce within the Small Business Act an evaluation of information.

#### Initiative

1. Introduction of an evaluation of existing information and communication platforms towards SMEs, nationally and at EU level