



NOTAT

16. december 2014

Response from the Danish Government to the public consultation on the revision of the Small Business Act

The Danish Government supports a full implementation of the current Small Business Act for Europe and finds that this should be the main focus for the Commission. Denmark however appreciates the opportunity to set forth our views on the revision of the Small Business Act for Europe (SBA).

Denmark recognises the SBA as an important part of European SME policy and is supportive of ensuring a high level of implementation of the ten principles in the Member States.

It is important that the SBA is updated and geared towards creating better opportunities for growth in European SMEs. We find that several of the Commission's proposals for a revised SBA will contribute to this goal.

In order to strengthen the SBA's potential for creating growth opportunities for SMEs it is necessary to make it focused, ambitious and reflecting needs of SMEs in Europe. On these grounds, Denmark finds that the proposed actions for the SBA 2015-2020 should strive for a focus on the following.

1. Smart regulation

Denmark believes that it is of vital importance to remove unnecessary bureaucracy through smart regulation efforts. But the efforts should not stop here. There is also a substantial potential for reducing unnecessary red tape through digital solutions. It should be ensured that all EU legislation is digital by default to enable digital interaction between businesses and between businesses and the public sector. As an example, smart government solutions, entails a substantial potential for relieving SMEs from their reporting and accounting obligations.

Regarding the "SME Test", Denmark finds it important that a certain amount of flexibility is left to the Member States regarding its implementation. The legislation processes in the Member States vary, and already

today the administrative burdens of Danish SME's are taken into account when new Danish legislation is produced.

The proposal for an EU regulation on regulatory simplification regarding entrepreneurs (e.g. a maximum cost of €100 for setting up a company) is interesting. In Denmark it is already possible to start up different company types online with immediate registration. It is possible to form an entrepreneurial company, a private limited company and a public limited company online with immediate registration. There should be a clear European added value as well as room for manoeuvre for the Member States if this initiative is to be set forward.

It is however vital that the level of protection of workers' rights, including health and safety, and environmental standards are kept the same no matter the size of the SME. Therefore blanket exemptions for SMEs or microenterprises do not seem to be a good idea. Instead the basic legislation should be kept as simple as possible.

We strongly support that the consultation of SME's and their representatives - as well as the consultation of other relevant stakeholders - is strengthened. Our proposal is that the SBA 2015-2020 announces the launch of a platform where Member States and Members of the European Parliament can submit stakeholder generated proposals for smarter regulation. This will ensure that burden-reducing efforts are targeted at legislation with the largest potential for real-world impact for businesses spurring growth and employment. The Commission should be subject to a 'comply-or-explain'-principle and i.e. publish its responses, clearly stating which proposals it intends to pursue, and explaining why some proposals will not be taken further. This would be a very concrete action to take in reducing unnecessary administrative burdens.

2. Accessing finance

Denmark encourages the Commission to keep a strong focus on ensuring a speedy and efficient deployment of the new financial instrument. Furthermore, delays in the implementation of the instruments should generally be avoided as this causes great inconvenience for possible financial intermediaries planning to apply for them, without compromising the soundness of the financial instruments.

We find it positive that the Commission investigates the possibilities for developing alternative sources of finance as long as transparency and consumer protection is ensured, while at the same time keeping in mind the importance of promoting the use of existing instruments and EU-programmes.. The venture capital market and the alternative sources of finance market make up a small part of the capital market. In this context,

efforts should also be made to ensure that existing instruments work at their best.

There is great reasoning in strengthening the revival of the securitisation markets through delegated acts to the Solvency II Directive and the Capital Requirements Regulation. Such legislation should comprise the introduction of “high quality securitisations” or “qualifying securitisations”. A suitable approach would be to lean on the modular approach suggested by the European Banking Authority in their discussion paper (as well as international standards from Basel Committee on Banking Supervision and the International Organization of Securities Commissions to be published shortly). This approach would ensure common criteria on qualifying securitisations across sectors and on top of that specific requirements for regulatory benefits within each sector.

3. Access to markets

Denmark firmly believes that the best way the European Commission could facilitate growth of SMEs is by further developing and deepening the internal market. Denmark therefore looks forward to any forthcoming initiatives which would improve the functioning of the internal market for goods and services.

We know that up to 25% of companies trading in the Single Market have experienced difficulties with exports due to national rules. And we know that SMEs often lack expertise and resources to overcome these barriers. Therefore, concrete initiatives are needed to ensuring transparency and a better application of rules and principles for the Single Market.

In order to make the Single Market work for SMEs it is vital to ensure that the Single Market contact points work at their best (i.e. Points of Single Contact, Product Contact Point and SOLVIT). An enforced governance framework at EU-level that commits the Member States and the Commission to co-operate and prioritize single market instruments would improve functioning and ensure minimum service standards of these instruments. The framework should be based upon a legislative act on strengthened co-operation and enforcement of single market laws.

Furthermore, the European Commission should establish a common and uniform notification procedure and public database for goods and services at EU-level. National rules for services are at present not subject to the same efficient and transparent notification procedure that exists for goods. Extending the scope of the information procedure directive (98/34/EC) to cover all relevant requirements for services and service-providers, for example new authorisation schemes, could amend this.

Finally, a concrete tool to improve the Single Market for SMEs is standardization and increased use of standards by companies and in procurements.

Regarding the Enterprise Europe Network, Denmark recognizes the important role of, and the many possibilities within, a widely established network. However, we underline that if Enterprise Europe Network is continuously upgraded there is a strong need to ensure that an appropriate share of the budgets for Horizon 2020 and COSME is allocated to the EEN to ensure a high quality of the Networks' services to SMEs. An increase in the budgets for EEN may not result in an increase in the amount of member states' co-financing for EEN from non-EU sources in order to ensure quality in the network's activities.

Denmark supports the establishment of a European Resource Efficiency Excellence Centre (EREEC) as green transition in SMEs should continue to be an EU focus. We find that EREEC should focus on introducing models such as industrial symbioses, where two or more companies create a partnership with the purpose of converting unused/leftover resources like water, heat, wood, sludge, calcium, etc., in one company into a resource in another. Furthermore, we recommend that EREEC will be strongly linked to existing knowledge hubs such as the UK based Ellen McArthur Foundation and serve as a reference, not only for SMEs, but also for interested national and regional stakeholders who provide knowledge and information about resource efficiency to SMEs in their region/country. A final remark related to EREEC regards the proposal that the Centre and its partners should cover 80 % of the European economy. We would prefer a clarification of what is meant by these 80 % as this is a bit unclear in the consultation document.

Denmark finds that there should be increased focus on how to establish an integrated effort regarding the internationalisation of, and access to, third country markets as well as a clear focus on European added value in relation to the Missions for Growth.

4. Releasing the entrepreneurial and innovation potential for growth

In general we find that focus should be on streamlining and focusing the existing platforms aimed at accelerating growth of entrepreneurs. Furthermore, focus should be on *general conditions for growth* instead of a specific focus on certain groups of entrepreneurs.

We are of course very pleased to see that the concept of Early Warning has been introduced as a proposal for the new SBA. We would like to take this opportunity to describe a possible way of arranging the Early Warning system at EU level. As it is important to have a local attachment,

there should be an Early Warning system in each Member State with experts who know the national and local business regulations and business climate. At EU level there should be an opportunity for a structured exchange of best practices and the establishment of a network in for example an expert group. Furthermore a knowledge centre for research in bankruptcy patterns and crisis management could be a possibility.

In the context of the current economic circumstances and the need to make every effort to facilitate business activity and employment, national action plans and quality standards for transfer of business are positive steps as this should help to identify the remaining barriers in the relevant regulatory and administrative environment affecting business transfers for the SMEs. It is however important that national business conditions are taken into account, and initiatives in this area should have a clear European added value.

5. Reinforcing skills development to overcome shortage of skilled labour

Availability of skilled labour is a challenge for the EU and we thus support having it as a focus area for the SBA. It is however important to have a clear European added value when developing new schemes in this area as national schemes already exist in several Member States.