European and External Relations Committee

EU 2020 Strategy

Written submission from the Federation of Small Businesses (FSB)

Briefing Paper - EU 2020 Strategy

The Federation of Small Businesses is Scotland’s largest direct-member business organisation, representing around 20,000 members. The FSB campaigns for an economic and social environment which allows small businesses to grow and prosper.

The FSB apologises that we have not been able to make a formal submission to the committee’s consideration of the EU 2020 strategy, however please find below some brief comments outlining our broad priorities for the strategy.

EU2020 and small businesses

EU2020 focuses on the creation of a green economy with a central role for small businesses. We support the main points in the strategy but some of them don’t go far enough. Below is a mix of comments and observations on the importance of small businesses to deliver jobs and growth, based on the recently-published FSB national survey 2009.

1) Flexibility of the labour market
   • We believe that there should be a moratorium on employment legislation during recovery from the crisis so that businesses are not deterred from taking on more staff.

2) Opening up the single market and maintain a level playing field
   • The FSB calls on the EU to face down protectionist tendencies and to open up the Single Market so that we can all participate and share in its benefits.
   • The FSB calls on other members states to fully implement the Services Directive.
   • The FSB calls on the EU to champion the opening up of the EU public procurement markets to benefit small businesses.

3) Creating Jobs and growth
   • There are 23 million small businesses in the EU providing around 75 million jobs.
   • If only 50 per cent of these businesses employed just one extra person, there would be an additional ten million jobs.
   • Between 2002 and 2007 over 84 per cent of new jobs were created by small businesses.

4) Green economy
• If small businesses are key to the economy, they are also key to carbon reduction.
• There is huge potential for SMEs in the low carbon industry: over 60 per cent of commercial innovations come from small businesses and it is easier for small organisations to adopt eco-efficiency.
• The majority of businesses (59 per cent in Scotland) have changed the way they operate because of concerns relating to climate change.
• In order to fulfil the crucial role of small businesses in combating climate change the FSB calls on the EU to show leadership and pass legislation that is flexible and supportive to encourage small businesses rather than penalise them.

5) Improve education and develop skills
• The FSB is keen for better sharing of best practice schemes across member states.

6) Reduce administrative burden
• The FSB calls on legislative bodies to adhere to the principles of Small Business Act (SBA), especially the ‘SME test’ in Impact Assessments.
• The pieces of European legislation that have been identified as making life easier for small business should be put through the system without any further delay.
• European institutions and national governments should adhere to using Impact Assessments for their legislative proposals.

7) ‘Think small first’: improve the business environment
• The EU institutions should swiftly adopt the pending legislative proposals of the SBA (Late Payment, VAT invoicing, European Private Company).
• The principles in the SBA like ‘think small first’ should be adhered to by every government and EU institution when designing policies.

8) Access to finance
• The FSB asks Commissioner Tajani to ensure that funds from the European Investment Bank really go to small businesses.
• European programmes like CIP and FP7 should be made much easier to access for small businesses.

9) Promotion of entrepreneurship and innovation
• The definition of innovation should not be limited to spending on R&D. Because:
  • Incremental innovation is more important to the overall economy
  • Small businesses are used to working in a flexible way, adapting to their customers and suppliers
  • Despite the recession, over half of small businesses have continued to introduce new or improved products or services in the last twelve months.

And finally…
In whatever shape or form, the successor of the Lisbon strategy should strengthen the internal market, discourage protectionism, promote innovation, skills and entrepreneurship, and get commitment from the member states to improve the business environment for small businesses to help them create jobs and growth in a green economy.

For further information please contact

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February 2010