

SMEs will succeed through simple, clear and consistent rules

Local and regional leaders call for smart regulation for SMEs

SME access to public procurement, the Single Market and finance, SME-friendly VAT and taxation rules and striking a better balance between SME needs and labour, consumer and environmental protection are critical factors behind SME success in Europe. The “smart regulation for SMEs” [opinion](#) of the European Committee of the Regions’ (CoR) rapporteur Christian Buchmann was adopted during the CoR plenary session on 12 July.

Small and medium-sized enterprises (SMEs) are the main engines for growth and jobs in Europe, creating two out of three jobs and generating more than half of Europe’s economic production. Nevertheless regulation doesn’t always take into account the SME-specific circumstances, thus hampering local economic growth and innovation.

“Red tape reveals itself as high administrative burden, incoherent requirements and overlapping or contradictory rules – and they have a much greater impact on SMEs than on larger firms. Also compliance in taxation, reporting and information obligations, labour protection or other fields affect SMEs disproportionately. Therefore an SME-friendly regulatory environment is an essential precondition for establishing and developing successful businesses and generating more jobs and growth in Europe”, said rapporteur **Christian Buchmann (AT/EPP)**, Member of the Styrian Parliament.

The CoR proposal represents a medium-term approach that is more ambitious than current EU efforts to reduce red tape, for example the [Better Regulation Agenda](#) or the [Regulatory Fitness and Performance Programme](#) (REFIT). The opinion emphasises the importance of further reducing obstacles to SMEs in public procurement contracts – a particularly important issue for regions and cities – and simplifying and harmonising tax rules, which are seen as the most burdensome area by a majority of European SMEs.

The CoR also urges action to make it easier for SMEs to tap into the EU’s long-term regional-development instruments, like the European Structural and Investment Funds (ESIF), and highlights how a wide variety of national rules continue to prevent SMEs from profiting from the Single Market in services. It specifically calls for local and regional authorities to be given a role in the impact-assessment boards that scrutinise proposals from the European Commission.

” We need a coherent, visible and updated European SME policy, mainstreaming the “Think Small First” principle across all government levels and policies. The Small Business Act (SBA) should be revised and strengthened and cities and regions should have a stronger role in its revision and implementation. Instead of focusing on reducing regulations, we must stress creating a simple, clear and consistent regulatory environment for the SMEs – and here

cities and regions play a key role “, stated rapporteur **Buchmann**.

Already since 2011 the CoR promotes the implementation of the Small Business Act (SBA) at regional and local level through its [European Entrepreneurial Region \(EER\) award](#). The award is given each year to EU regions and cities that have the most promising, outstanding and innovative entrepreneurial policy strategies in Europe. It is an opportunity for local and regional actors to demonstrate how SMEs and entrepreneurs can increase the resilience of their economy.

Background:

The concept of **smart regulation** means delivering EU policies and laws that bring the greatest possible benefits to businesses, citizens and public bodies in the most effective way. It is a way of working to ensure that political decisions are prepared in an open, transparent manner, informed by the best available evidence and backed by the comprehensive involvement of stakeholders. Instruments include impact assessment, simplification, reduction of administrative burden and the full and correct implementation of existing legislation.

Contact:

Carmen Schmidle

Tel. +32 (0)2 282 2366

carmen.schmidle@cor.europa.eu