

UNLOCKING THE SMEs POTENTIAL: KNOWLEDGE, INNOVATION AND CREATIVITY

*Paper prepared for the second workshop of the Conference:
"2008-2010 and beyond: Lisbon Strategy and Cohesion Policy.
European regions facing future challenges".*

3-4 July 2008, Bologna

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1 EXECUTIVE SUMMARY

The importance of Small and Medium-sized Enterprises (SMEs) for the EU economy is now well recognized and **a comprehensive EU SME policy was put in place in 2005** as an integral part of the Lisbon Partnership for Growth and Jobs. The assessment of the SME policy in the EU during the 2005-2007 period has shown that substantial progress has been made both at EU and national level with the implementation of the **"think small first"** principle. The Commission has made real efforts to cut red tape for SMEs and has significantly increased the SME focus within major EU spending programmes for the period 2007-2013. Member States have also substantially improved the SMEs' environment and progressed in their implementation of the 2006 Spring European Council conclusions.

Despite these significant improvements, in its Communication to the October 2007 Meeting of Heads of State and Government: "The European Interest: Succeeding in the age of globalisation", the Commission underlined **the need to fully unlock the growth and jobs potential of SMEs and make full use of their innovative capacities**. This was reflected in the strategic report on the renewed Lisbon strategy for growth and jobs adopted on 11 December 2007, which substantially increases the emphasis on SMEs in the context of the next Lisbon cycle 2008-2010.

As a major contribution to this objective, the Commission proposed the preparation of a **Small Business Act for Europe** whose main aim will be to set down principles and concrete measures to improve the framework conditions for European SMEs, while taking full account of their diversity. This initiative was welcomed by the December 2007 European Council; the Commission's objective is to come up with a proposal by June 2008.

2 SMEs AND THE EU: AN OVERVIEW

Small and medium-sized enterprises (SMEs), defined as having fewer than 250 employees, make up a large part of Europe's economy: there are some **23 million** of them in the European Union, providing around **75 million jobs** and accounting for **99% of all enterprises**. SMEs are a key part of European industry, not least as **they contribute up to 80% of employment in some industrial sectors**, such as textiles, construction or furniture.

SMEs are a major source of entrepreneurial skills and innovation, and contribute to economic and social cohesion. The prosperity of Europe is built on that of its businesses. Businesses are a key element in growth and employment, and **the re-launch of the Lisbon strategy in 2005 made enterprise and industry policy one of its priorities in Europe**. Under Article 157 of the Treaty establishing the European Community, the European Union (EU) has set itself the goal of creating the best possible conditions for competitiveness.

Maintaining competitiveness is a constant challenge. This is why the EU aims to encourage an environment favourable to initiative, to the development of businesses, to industrial cooperation and to improving the exploitation of the industrial potential of innovation, research and technological development policies. These policies are of vital importance in the context of global competition. Enterprise and industry policies aim to ensure all businesses compete and trade on fair and equal terms and that Europe is an attractive place in which to invest and work.

Creating conditions that enable EU businesses to compete on equal terms with the rest of the world includes **protecting their intellectual and industrial property against counterfeiting and piracy**. It means keeping costly red tape to the minimum compatible with high energy, environmental and social standards. Another element in the equation is deregulation: adequate and non-discriminatory access at the best price possible to key business support services, such as communications, transport and utilities. **Reducing the regulatory burden on business, particularly small business, is a priority.** The goal is to cut the administrative burden on companies by 25% by 2012. This could add €150bn to EU gross domestic product (economic wealth), an increase of more than 1%.

In order to improve competitiveness, **the EU funds a substantial amount of research into technology and innovation** through the *7th Framework Programme for Research and development* and the *Competitiveness and Innovation Framework Programme (CIP)*. More than €50 billion is available under FP7 between 2007 and 2013, and there is €3.6 billion under the CIP over the same period. The focus of the CIP will be small and medium-sized enterprises (SMEs) wanting to innovate, especially in the areas of energy efficiency and renewable energy sources, environmental technologies, and a better use of information and communication technology (ICT).

The EU also promotes public-private partnerships in order to make the most of what the private and public sectors have to offer and organises technological platforms. It is setting up a **European Technology Institute** from 2008 to bring together the three points of the knowledge triangle - research, education and innovation, which together are the underpinnings of a dynamic economy. The Institute will work through knowledge and innovation centres (KICs), which will be partnerships between the private sector, the research community and universities.

It is not a case of growth at all costs, however. **The EU is committed to policies which produce sustainable growth and are based on responsible entrepreneurship.** This encourages enterprises to commit themselves to sustainable development, economic growth and job creation through the attention they pay to skills development, more rational use of natural resources, better innovation performance, poverty reduction, and greater respect for human rights.

Based on its principle of “**think small first**”, the EU tailors state aid rules to take the needs of SMEs into account, and keeps the requirements of SMEs in mind whenever formulating any policy. The policy priorities are to promote entrepreneurship and skills, improve SMEs’ access to markets (including public sector contracts), improve SMEs’ growth potential (by boosting their capacity for research and innovation), and strengthen dialogue and consultation.

The EU also encourages education in schools on the values of entrepreneurship, and provides tailor-made support for women and ethnic minorities wanting to set up their

own business. An **Executive Agency for Competitiveness and Innovation (EACI)** manages a network of centres providing support for small and medium-sized businesses in and outside the EU looking for information on EU policies and programmes.

3 A MODERN POLICY FOR SMEs

Small and Medium-Sized Enterprises (SMEs) are the backbone of the EU economy. Their prosperity is a crucial factor for achieving more growth and more and better jobs in the EU. That is why **SME policy has become a key element of the renewed Lisbon Partnership for Growth and Jobs since its re-launch in 2005**. The importance of Small and Medium-sized Enterprises (SMEs) for the EU economy is now well recognized and a comprehensive EU SME policy was put in place in 2005 as an integral part of the Lisbon Partnership for Growth and Jobs.

3.1 GIVING FRESH IMPETUS TO SME POLICY

The Communication on “Modern SME policy for growth and employment”¹ created a policy framework for SME actions and integrated the objectives of the existing enterprise policy instruments, in particular the *European Charter for Small Enterprises* and the *Entrepreneurship Action Plan* “**to build up synergies and to enhance transparency of the European SME policy approach**”. This new approach is based on a comprehensive view of SMEs’ role in society that highlights their importance as an important factor of economic and social cohesion at local and regional level.

The Communication marked a new start for a more pragmatic, comprehensive and inclusive EU policy in favour of SMEs and paved the way towards a strategic approach to make SMEs more competitive, based on streamlining Community policy instruments, on improved synergies between policy areas and on a genuine partnership between the EU and Member States’ actions.

The principal objective of the Commission’s Modern SME policy has been **to mainstream SMEs’ concerns into Community and national policies by applying the “Think Small First” principle**. In addition, the European Council of March 2006 agreed on a set of priority actions to be implemented by the end of 2007 to unlock the business potential of European SMEs.

¹Communication from the Commission: “*Implementing the community Lisbon programme - Modern SME policy for growth and employment*” [COM (2005) 551 final]

An important objective has been to trigger changes in the way SMEs and entrepreneurs are considered in policy-making and by public opinion, both at EU and national level. Indeed, to be successful, SME policy needs to integrate the actual expectations of millions of European enterprises into a wide spectrum of policies. **The Communication drew attention to the huge untapped potential of SMEs to create growth and employment** and proposed ways to simplify rules and regulations, promote entrepreneurial culture, and assist SMEs in accessing innovation, finance, training and, last but not least, the European as well as international markets. Finally, improved communication and consultation with stakeholders go hand in hand with this new SME policy.

3.2 SPECIFIC ACTION TO BE TAKEN

The Communication of 2005 proposed specific action in **five key areas**:

- a) **Promoting entrepreneurship and skills.** The Commission suggests that Member States to review their educational and training policies to make them more responsive to changes in the labour market.
- b) **Improving SMEs' access to markets.** The Commission insists on stepping up efforts to complete the Internal Market and calls on Member States to contribute to this common objective.
- c) **Cutting red tape.** At Community level, the Commission is determined to integrate the 'Think Small First' principle in all Community policies and to push for regulatory and administrative simplification.
- d) **Improving SMEs' growth potential.** The Commission proposes to increase the existing financial support to SMEs significantly under the Competitiveness and Innovation framework Programme (CIP). Moreover, recognising that, in spite of their important contribution to innovation, SMEs frequently encounter difficulties in using innovation and research results and making good use of Intellectual Property Rights (IPR)², it sets the objective of strengthening the

² Communication from the Commission: *"Implementing the Community Lisbon Programme: More Research and Innovation – Investing for Growth and Employment: A Common Approach"* [COM (2005) 488 final]

innovation and research capacity of SMEs and increasing the volume of technology transfer through the Europe INNOVA initiative, the Community business support networks and the Environmental Compliance Assistance Programme. Finally, the Communication makes clear that the Commission intends to improve knowledge about and analysis of European SMEs' performance to be able to take action to reinforce their competitiveness.

- e) **Strengthening dialogue and consultation with SME stakeholders.** The Commission plans to create a quick and easy-to-use consultation mechanism ("SME panel") via the Euro Info Centre network to obtain views from SMEs in specific areas of policy making. Promoting entrepreneurship and the image of SMEs will be a key priority. Finally, the Commission will foster cooperation with Member States and other stakeholders.

The conclusions of the **2006 Spring European Council** reinforced and complemented the approach of the Modern SME Policy by calling on the Member States to unlock the EU's business potential by taking the following **five priority actions**:

- Establish a **one-stop-shop** for setting up a company in a quick and simple way and to reduce the average time for setting up a business to one week.
 - Encourage entrepreneurship, including through **entrepreneurship education and training**.
 - The recruitment of a first employee should not involve more than **one public administration point**.
 - Make the '**Think Small First**' principle a guiding principle in all relevant legislation and apply it systematically.
 - Facilitate SMEs' access to **public procurement**.
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4 THE IMPLEMENTATION OF THE MODERN SME POLICY

An assessment of the SME policy results during the 2005-2007 period has shown that substantial progress has been made both at EU and national level with the implementation of the "**think small first**" principle³. The Commission has made real efforts to cut red tape for SMEs and has significantly increased the SME focus within major EU spending programmes for the period 2007-2013.

Member States have also substantially improved the SMEs' environment and progressed in their implementation of the 2006 **Spring European Council conclusions**, e.g. by introducing one-stop shops for company registration and reducing the time and costs required to do so.

The main achievements have been:

- **SMEs are now fully integrated into Community policies**, such as those promoting competition, research, cohesion and rural development. SMEs' interests have also been mainstreamed in the recent initiatives in the fields of innovation⁴ and industrial policies⁵.
- **The Commission has increased the SME focus within major Community spending programmes for the period 2007-2013**. The Structural Funds remain the largest Community funding instruments benefiting SMEs. The Seventh Framework Programme for Research and Technological Development (FP 7) includes a number of incentives for SME participation, including an increased upper rate of reimbursement for research and technological development activities from 50% to 70%. The Competitiveness and Innovation Framework Programme (CIP), with a budget of approximately €3.6 billion,

³ Communication from the Commission: "*Small and medium-sized enterprises – Key for delivering more growth and jobs. A mid-term review of Modern SME policy*" [COM(2007) 592 final]

⁴ Communication from the Commission: "*Putting knowledge into practice: A broad-based innovation strategy for the EU*" [COM (2006) 502]

⁵ Communication from the Commission "*Mid-term review of industrial policy: A contribution to the EU's Growth and Jobs Strategy*" [COM (2007) 374]

provides better access to finance for SMEs and support to entrepreneurship, innovation, and ICT as well as to a wider adoption of new and renewable energies and to the improving of energy efficiency. The Commission also strongly supports initiatives to make education and training available for all through the Life Long Learning programme.

- The coordinated European reform agenda put in place under the renewed Lisbon Partnership for Growth and Jobs has encouraged **an increasing number of Member States to integrate the interests of SMEs into their policy-making processes**. They have achieved this in different ways such as the creation of a specific body to represent SMEs' interests, a more comprehensive evaluation of the impact of legislation on SMEs, systematic consultations with SMEs and a gradual improvement of the business environment.
- The **Regular dialogue with Member States on SME-policy** has led to better complementarity between national and EU measures.

While confirming that the orientation of the new European SME policy is right, the Mid-Term Review of October 2007 indicates **the need to substantially step up policies to support SMEs at EU and national level** given their economic and social importance.

In particular, there is need for further improvement in mainstreaming SME aspects in Member States' and EU policies. For this reason, the mid-term review concludes:

“The task now is to fully unlock the growth and jobs potential of SMEs and make full use of their innovative capacities. The Commission is convinced of the need to put even more emphasis on SMEs in the context of the next Lisbon cycle 2008-2010. It will seek the views of small businesses and their representatives as it considers designing a “Small Business Act” for Europe with a view to making concrete proposals to further support SMEs”.

5 UNLOCK THE SMEs POTENTIAL TO SUCCEED IN THE AGE OF GLOBALISATION

The necessity to fully unlock the growth and jobs potential of SMEs and make full use of their innovative capacities has been further outlined in the Commission Communication to the October 2007 Meeting of Heads of State and Government: "*The European Interest: Succeeding in the age of globalisation*".⁶ In particular, this Communication points out the "**need to deepen the reform agenda if the real potential for growth and jobs is to be met**" in the four priority areas agreed by the 2006 Spring European Council: investment in people, energy and climate change, R&D and innovation and the right business environment.

In particular, with regard to **R&D and innovation**, the Communication suggests that, **if Europe wants to shape the direction of change, it has to unlock its potential for innovation and creativity**⁷. The emphasis in this area has been on increasing R&D expenditure and Member States are making progress towards the 3% GDP target. All Member States have set national targets; the challenge for the public and in particular the private sector is to meet them.

But investment alone will not guarantee an improved R&D performance. Europe needs the right conditions for research and innovation to flourish – such as attractive careers for researchers, a modern IPR system and interoperable standards. A knowledge economy needs free movement for ideas and researchers, adding a "**fifth freedom**" to the four freedoms of the Internal Market and creating a **genuine European Research Area**. Work needs to be driven forward to tackle the problems of fragmented resources and insufficient scale, and to develop the "**knowledge triangle**" of **research, education and innovation**. This means helping Member States to pool resources in strategic research areas, modernising higher education, and creating innovative new infrastructures to complement the European Institute of Technology. This will attract the best researchers and promote breakthrough technologies.

⁶ Communication from the Commission: "*The European Interest: Succeeding in the age of globalisation*". Contribution of the Commission to the October Meeting of Heads of State and Government [Com (2007) 581]

⁷ See also: "*An innovation-friendly, modern Europe*" [COM(2006) 589]

Concerning the **business environment area**, the Communication recognises that SME and entrepreneurship must be put high on the reform agenda. The task now is **to fully unlock the growth and jobs potential of SMEs and make full use of their innovative capacities**. The Commission will seek the views of SMEs and their representatives to help design a "Small Business Act" for Europe with a view to making a wide range of proposals to support SMEs by the end of 2008.

6 THE COMMUNITY LISBON PROGRAMME 2008-2010: A NEW EMPHASIS ON SMEs

The “*Strategic report on the renewed Lisbon strategy for growth and jobs*”, adopted on 11 December 2007, substantially increases the emphasis on SMEs in the context of the next Lisbon cycle 2008-2010⁸.

Today's Growth and Jobs package includes a new and innovative Community Lisbon Programme for priority EU level action over the next three year cycle. The new Programme sets out **ten key priorities** for EU level reforms to boost the European economy over the next three years. A Small Business Act, the better regulation agenda, research and higher education and patent initiatives are among these key objectives. Other priorities are greater investment in people and enhancing employability; further steps towards integrating EU financial services markets and enhancing their stability in the light of the current turbulence; and the promotion of a new sustainable industry policy.

The Commission Report sets out **a series of new actions** in each of the four priority areas agreed by the 2006 Spring European Council as the pillars of the renewed Strategy. Two priority areas are strictly related to the role of SMEs – namely the **R&D and innovation area** and the **business environment area**.

6.1 INVESTING IN KNOWLEDGE AND INNOVATION

The Report proposes steps towards the “**fifth freedom**” – **the free movement of knowledge** - through the creation of a genuine European Research Area and an integrated patent jurisdiction with a single affordable patent. It calls on Member States to draw up national broadband strategies and set national targets for high-speed internet usage aiming at a 30% connection rate for the EU population and connection of all schools by 2010.

⁸ Communication from the Commission to the Spring European Council: “*Strategic report on the renewed Lisbon strategy for growth and jobs: launching the new cycle (2008-2010) - Keeping up the pace of change*” [COM (2007) 803 - 1]

Following decisions by the 2006 Spring European Council, Member States have set targets and taken steps to increase investments in research and development. The **European Research Council** and several **Joint Technology Initiatives** are being launched, based on Commission proposals. The **European Institute for Innovation and Technology (EIT)** is expected to start work in 2009. Under the new cohesion policy programmes, more than € 85 bn will be made available for investments in knowledge and innovation. These are good first steps, but much more is needed to achieve Europe's ambitions. Member States should take additional measures to meet their R&D Investment targets for 2010. This is particularly urgent as the EU's R&D ratio fell back slightly in 2006, as growth in R&D investment did not keep up with stronger GDP growth.

With globalisation, R&D is increasingly outsourced to other parts of the world. In Europe, the costs of protecting and enforcing innovations remain too high. Licences for distributing content are still nationally-based. The procedures for setting interoperable standards are far too slow. Spectrum is still managed in a fragmented way putting a brake on the development of new high-tech products and cross-border services. Too many barriers, including legal ones, prevent universities, research institutes, companies and researchers from working together. This also holds back **one of Europe's traditional strengths: the creativity and inventiveness of its people.**

To reverse this trend Europe needs a "fifth freedom" – the freedom of knowledge, to complete the four freedoms of movement of goods, services, people and capital. This "fifth freedom" should spur the EU's transition to an innovative, creative knowledge economy.

The Strategic report points out the following **specific actions** to be taken **in the area of R&D and innovation:**

1. At Community level:

- **improve the key framework conditions for innovation** through an integrated patent jurisdiction and a single affordable patent; streamline the currently fragmented IPR rules, particularly to facilitate the circulation of content;

accelerate the setting of interoperable standards and move towards more common spectrum management ; improve access to venture capital;

- **remove obstacles to the cross-border mobility of researchers** based on a European "passport";
- **pool EU and Member States' R&D resources to ensure their more effective use**, by agreeing areas for joint programmes by the end of 2008 and launching common calls for projects by the end of 2010;
- **launch a new generation of world-class research facilities** by drawing up roadmaps for the launch of the 35 commonly agreed projects by the end of 2009. For those projects of a global scale, launch a dialogue with interested international partners during 2008;
- **improve competition for high-speed internet** by adopting the telecoms review by May 2009.

2. At Member States' level:

- **better co-ordinate efforts** to improve framework conditions for innovation;
- indicate how national **R&D investment targets for 2010** will be met and how their R&D strategies will contribute to realising a European research area;
- **remove obstacles to the mobility of researchers** between public and private research centres;
- draw up, by the end of 2008, national strategies identifying the **new generation of world-class research facilities** in which they will participate;

- as part of their NRPs, set national targets for **high-speed internet** usage¹⁰ aiming for a 30% penetration rate of the EU population and connection of all schools by 2010.

6.2 UNLOCKING THE BUSINESS POTENTIAL

As far as the business environment is concerned, the Report calls for an integrated policy approach through a **European Small Business Act**, to foster the development and growth of the millions of SMEs which create nine out of ten new jobs. The business environment in Europe has been improved as a result of Member States implementing the 2006 Spring European Council decisions to introduce one-stop shops and reduce the time to set up a business to one week or less.

The EU now needs to go further and agree **an integrated policy approach** which tackles obstacles at all stages of SME development and which enables more of its small businesses to grow into bigger companies that compete successfully in the global market place. This approach could be encapsulated in a Small Businesses Act, setting out both principles and concrete measures to support SMEs throughout their life-cycle.

A clear priority for the Union is to **close the important gaps in the single market, particularly in services**, so that the full benefits of national reforms can be reaped. The complete and timely implementation of the **services directive** will not only create a genuine single market for services but also offer a major opportunity to streamline procedures, remove red tape, facilitate market access and accelerate the introduction of interoperable e-government applications.

Europe's better regulation agenda is starting to produce results and **administrative burdens should be reduced by 25% at EU level**. Member States have committed themselves to equally ambitious targets at national level. An important part of improving the business environment for SMEs, and an underestimated source of innovation, is the modernisation of public administrations, notably as regards their uptake of interoperable ICTs. As part of the better regulation agenda, many administrations are already responding to growing expectations; treating businesses

and citizens as customers, using new technologies, promoting social innovation and making organisational changes to provide a transparent, predictable service and effective means of redress. The Commission will promote the exchange of good examples.

The Strategic report points out the following **specific actions**:

1. At Community level:

- adopt a **European Small Business Act** setting out an integrated policy approach to unlock the growth potential at every stage of the life-cycle of SMEs;
- move towards the target to **reduce EU administrative burdens by 25%** by 2012 and implement an ambitious simplification programme;
- **strengthen the single market**, increase competition in services and take further steps to integrate financial services markets.

2. At Member States' level:

- undertake sustained and consistent efforts to **implement the services directive by the end of 2009**; complete the screening and assessment of national legislation before end 2008 and, in parallel, set up single contact points and electronic procedures and introduce an effective system of administrative cooperation across borders;
- set and announce **national administrative burden reduction** targets before the 2008 Spring European Council;
- make full use of the opportunities offered by the implementation of the services directive and the better regulation agenda to **continue modernising public administrations**.

7 THE WAY AHEAD: TOWARDS A SMALL BUSINESS ACT

As a major contribution to this objective, the Commission proposed in the Community Lisbon Programme the preparation of a **Small Business Act** for Europe whose main aim will be to set out principles and concrete measures to improve the framework conditions for European SMEs, while taking full account of their diversity. This initiative was welcomed by the **December 2007 European Council**, and the Commission's objective is to come up with a proposal by June.

On 31st of January, the Commission launched a public consultation on the content of this European "Small Business Act"⁹. Its objective is to put SMEs at the forefront of decision-making in the EU and to introduce concrete measures to unlock the SMEs growth potential. The consultation will be open until the end of March. The document underpinning the consultation identified six areas to be examined, but others may emerge from the public consultation:

- Better regulation,
- Putting SMEs at the forefront of society,
- SMEs access to finance, skills and innovation,
- Turning the environmental challenge into opportunities for SMEs, and
- Enhancing the implementation of EU SME policy principles.

The aim of this consultation is to stimulate an open debate with all stakeholders on developing the "**Small Business Act**" for Europe in order to ensure that all remaining obstacles to EU SMEs' prosperity, and ways of tackling them, are identified. The results of this consultation will provide a major contribution to the Commission's own reflections leading up to the development of the "Small Business Act".

⁹ IP/08/165, Brussels, 1st February 2008

8 THE SPRING COUNCIL (Brussels, 13/14 March 2008)

The Spring European Council of 13/14 March 2008 has made the following recommendations on how to unlock the business potential, especially of SMEs:

1. Decisions taken since the renewal of the Lisbon Strategy have started to improve conditions for market players. It has become easier to set up a business as all Member States have established one-stop shops or similar arrangements to facilitate registration and reduce paperwork. The European Council welcomes the progress made during 2007 on **better regulation** and considers that further efforts are needed in order to deliver crucial improvements to the competitiveness of EU business, in particular SMEs. To ensure that the better regulation initiative delivers real and substantial economic benefits:
 - a. efforts on **reducing administrative burdens** arising from EU legislation by 25% by 2012;
 - b. pending "fast track" legislative proposals should be swiftly adopted and new ones identified, and the Commission should also continue to **bring forward administrative burden reduction proposals** on an ongoing basis; the simplification rolling programme should continue to be implemented;
 - c. more should be done to develop the capacity of EU institutions on **impact assessment**, in line with the relevant key message from the Council (Competitiveness).

2. The **Single Market** remains a crucial driver for enhancing living standards of European citizens and Europe's competitiveness in the globalised economy. In order to further improve the functioning of the Single Market so as to allow business, in particular SMEs, and consumers to make full use of its potential the following measures and actions need to be taken forward as **immediate priorities**:
 - a. ensure an effective follow-up to the **Commission's Single Market Review** on a yearly basis with a focus on actions needed to boost

growth and jobs by removing remaining barriers to the four freedoms of the treaty, including, where appropriate, through harmonisation as well as mutual recognition;

- b. reinforce efforts to **strengthen competition in network industries** (energy, electronic communications) and to adopt the adequate regulatory frameworks;
- c. ensure a complete, coherent, and timely transposition and implementation of the **Services Directive** which is an important step towards the creation of a genuine single market for services. In this context it is crucial to improve the functioning of "**e-Single Market**" by putting in place cross-border interoperable solutions for electronic signature and e-authentication.

3. Small and medium-sized enterprises (SMEs) form the backbone of the European economy and have the potential to contribute significantly to creating more growth and jobs in the European Union. In order to reinforce the Union's **SMEs policy** and to allow them to operate more effectively in the Single Market, the following actions are of immediate importance:

- a. swift examination by the Council of the upcoming **Small Business Act** initiative setting out an integrated approach across the SMEs' life cycle in line with Better Regulation and Think Small First principles and intended to further strengthen SMEs' growth and competitiveness;
- b. the introduction, where justified and following screening of the *acquis communautaire*, of exemptions for SMEs from the administrative requirements of EU legislation; strengthened support of research-performing and innovative SMEs with high growth potential, for example through **a new European private company statute**; further facilitation of access to finance, including through existing EU financial instruments;
- c. facilitation of increased participation of innovative SMEs in **clusters and in public procurement**.

3. Open markets and a sound international environment contribute to growth and jobs and should lead to reciprocal benefits. The EU should therefore continue

its endeavours to shape globalisation by **reinforcing the external dimension of the renewed Lisbon strategy**. In particular, the EU should continue its endeavours to:

- a. **promote free trade and openness** as a means to foster growth, employment and development for itself and its trading partners and continue to take the lead in this domain;
- b. improve the multilateral trading system, in particular by continuing to strive for an ambitious, balanced and comprehensive agreement in the **Doha Development Round**;
- c. conclude ambitious bilateral agreements with important trading partners and further step up the efforts for integration with neighbouring countries and candidate countries through developing a **common economic space**;
- d. secure reliable access to **energy** and to strategic raw materials;
- e. strengthen existing economic relations and develop mutually beneficial strategic partnerships with emerging economic powers in a context of **fair competition**;
- f. foster regulatory cooperation, convergence of standards and equivalence of rules in the mutual interest of the EU and its partners, and improve the effectiveness of the Intellectual Property Rights **enforcement system against counterfeiting**.