

European SME Week

HOW TO RAISE OUR GAME?

NEW APPROACH TO EUROPEAN
INDUSTRIAL COMPETITIVENESS
SMEs IN THE SURFACE ENGINEERING SECTOR



Breakfast briefing at the European Parliament

In cooperation with



On the occasion of the European SME Week 2015, Austrian MEP Paul Rübzig hosted a breakfast briefing in the European Parliament on 17th November on the **“New Approach to European Industrial Competitiveness: SMEs in the Surface Engineering Sector”**.



The event was attended by stakeholders comprising European Commission, European Parliament, EU Permanent Representations and Missions of third countries to the EU. Industry was also present as well as relevant SMEs, notably Dave Elliott, Chief Executive of the Surface Engineering Association.

MEP Paul Rübzig, Member of the EP Committee on Industry, Research and Energy introduced the breakfast session by reflecting on the recent Paris events and the migratory pressures the EU is facing. He pointed out the need for more solidarity. The MEP Rübzig referred to SMEs and the need to create the right framework conditions for growth.

Kristian Hedberg, Deputy Head of Cabinet of Commissioner Bieńkowska, reiterated the Commissioner’s strong commitment towards SMEs and industrial competitiveness. Hedberg gave an overview of the work carried out by the Commission since it took office in November 2014 and followed up by describing the future actions. Hedberg drew attention to two pressing competitiveness challenges of the real economy: i) investment gap, with investments still significantly below the pre-crisis level; and grim reports by certain sectors of the economy showing zero investments in the EU in the past seven years and ii) disappointing productivity development. In order to address these challenges, the European Commission announced the **new Single Market Strategy** aiming to

create new opportunities for people and businesses, putting in place, inter alia, a modern framework for standards, public procurement and intellectual property.

Some of the proposed actions in the Single Market Strategy will target SMEs in particular:

- The new start-up initiative will help them grow cross-border and achieve scale,
- Enabling cross border business services will reduce input costs for industry,

- A legislative proposal on insolvency will address the issue of business failure and give entrepreneurs a second chance,
- The IPR framework will be modernised with more SME friendly rules.

But above all, the European Commission needs to ensure practical delivery. Emphasis will be given on **compliance and enforcement** as well as **better regulation** for policy development that helps business grow.



“Better regulation is not about more or less regulation but about better rules. The European Commission considers new regulation as remedy of last resort”

Finally, Hedberg reminded the audience of the "Think Small First" principle which is now one of the cornerstones of the Commission's policy-making cycle. The principle is going to be applied not only in impact assessments, but also in evaluations, fitness checks, etc.

The “SME test” has also been improved. Roadmaps, impact assessment reports, executive summaries and explanatory memoranda will include a heading on the SME test.

Stephan Raes, Head of the Economic Department of the Incoming Netherlands Presidency to the EU, thanked the Luxembourg Presidency for the work done so far. He emphasised that the Dutch Presidency is an

at the barriers to finance and finding resources to scale up. As regards better regulation, Raes explained that it should not only reduce costs for businesses and SMEs but also ensure that the regulation works and helps innovation. He added that “the think small first” principle often tends to be “think small last”, stressing that the SME testing is critical for the better regulation agenda. The Incoming Presidency will also put competitiveness at



Gerhard Huemer, Director Economic and Fiscal Policy shared the views of the European Association of Craft, Small and Medium-Sized Enterprises (UEAPME), representing 12 million SMEs which employ 50 million people around Europe. The latest SMEs and businesses Eurobarometer has shown that SMEs haven’t started to invest. Europe therefore needs an investment plan with new financial instruments and enhanced framework conditions to attract private investments in Europe. Competitiveness means more than lower wages, such as access to better qualified people, better infrastructure and innovation systems. Moreover, better access to third country markets is an important element for the growth of the European economy. This has to tackle both tariffs and non-tariff barriers and must be based on fair competition.

Huemer concluded highlighting the importance of better regulation and effective administrations for SMEs.

Regulations need to be properly designed by strictly applying the Think Small First principle, based



opportunity to move the agenda forward and to be an “honest broker” connecting EU and its citizens. The Incoming Presidency will focus on a number of issues such as the single market strategy and the long-awaited circular economy communication which aims to strike a balance between the environment and the economy.

The Presidency will aim to support SMEs to deliver success by looking

the heart of every policy proposal and will mainstream SMEs concerns across all policy areas.

“We need a concrete SMEs Agenda and we need to make sure that it works”.

on independent impact assessments and a compulsory SME test. The EU needs an ambitious smart regulation programme including competitiveness proofing.

“Europe’s businesses suffer from complex, burdensome regulations. SMEs in particular are obliged to spend too much time dealing with administrative requirements.”

MEP Paul Rübige stressed the importance of linking SMEs to consumers and to industry and how small and medium European businesses are key players in the global value chains. In particular there are specific sectors that are critical to the growth and sustainability of European Industry such as the surface engineering sector. Rübige then introduced **Dave Elliott, Chief Executive of the Surface Engineering Association and President of the European Committee for Surface Treatment (CETS).**



The Surface Engineering Association was founded in 1887 in the UK, and has been representing companies involved in surface engineering which is sometimes called product finishing or surface treatment stated Mr. Elliott who is also President of the European Committee for Surface Treatment which represents over 20.000 SMEs. The application of surface engineering is vital to the success of almost every commercial and industrial product: from aero engines to aeroplanes, from iPods to surgical implants and from razor blades to racing cars.

Commissioner Bieńkowska recently announced a new approach to industrial competitiveness and said ‘the solution is to raise our game...we need to provide a supporting framework for our business to adapt and grow, we need an open, integrated approach to industry’ and I agree.

“We need to raise our game, but it’s no good just talking about it, we need action and we need action now if we are to remain competitive in today’s global marketplace.”

Elliott gave a practical example drawn from the latest REFIT scoreboard which states:

“The impacts of these measures taken to facilitate the implementation of REACH will be evaluated in the framework of the upcoming report on the performance of REACH foreseen for 2017, with the view to assess whether they are effective in alleviating business concerns and whether additional adjustments are needed”. He went on saying that it is not good enough to know in 2017 at the earliest whether the measures taken are working or not. Thus, it is important to understand how SMEs operate before legislation is drafted and have in mind the full impact legislation could have on SMEs and manufacturing supply chains across the EU before the legislation is passed. Often the impacts are unintentional but they have very real and potential very damaging consequences. Elliott called for appropriate and proportionate legislation as well as more certainty for SMEs which

need to invest in capital equipment and research & development for the future in order to remain competitive.

In the closing remarks Paul Rübige thanked all the speakers and participants for their contribution to the debate and highlighted the need to work all together and support SMEs across Europe.