

MAKING THE INTERNAL MARKET WORK BETTER FOR SMEs

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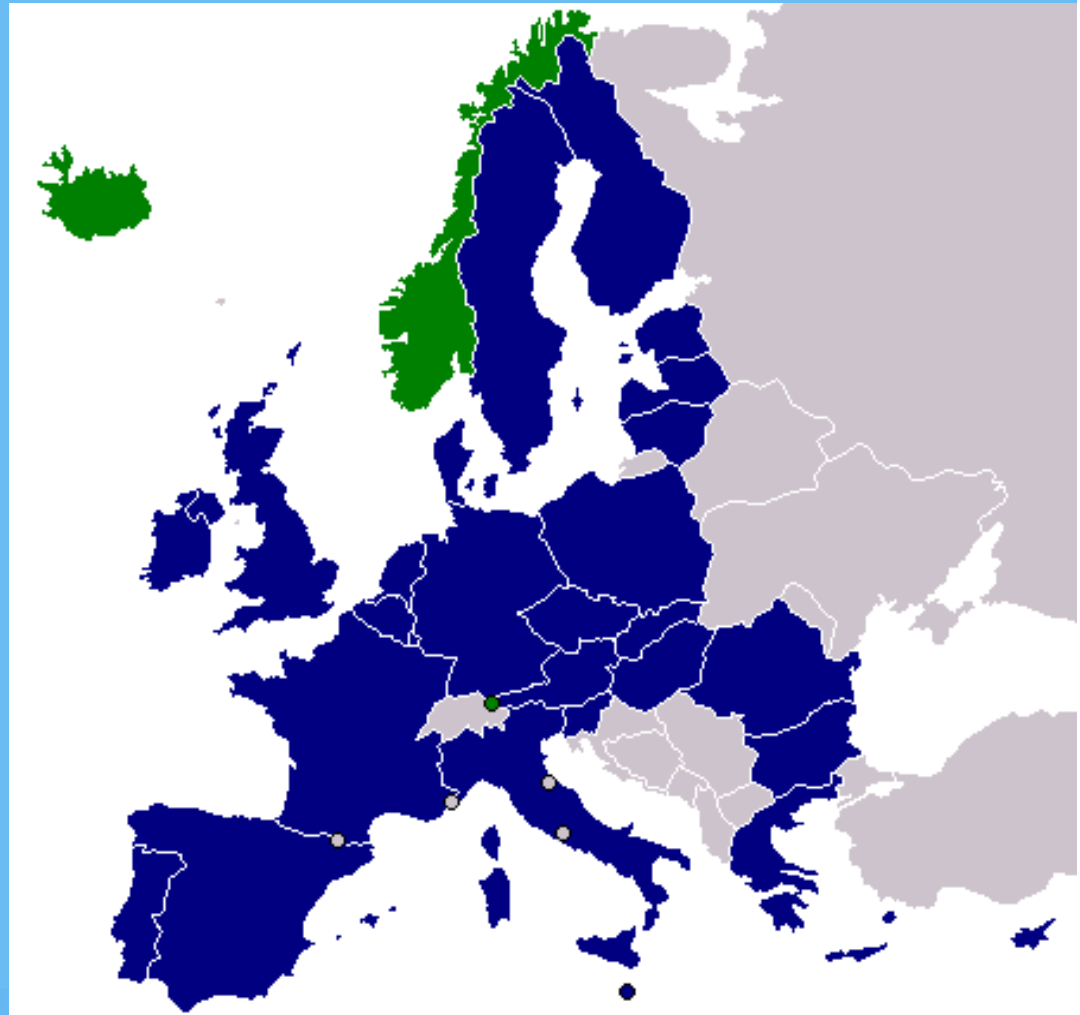
Internal Market & Services DG

What is the Single Market?

It's an area without internal frontiers where

- goods
- persons
- services
- capital

circulate freely



What do small firms say about the Single Market?

- Survey amongst 7500 company executives
- Many say the Single Market had a « positive impact » on their business
- More than one in four have recruited staff from abroad
- Competition from within the Single Market has intensified more than from outside
- But: need for more information (Solvit ...)

Europe today: An service-based, SME-driven economy with a strong manufacturing base

- Almost 70% of Europe's gross domestic product comes from the services sector
- 99.8% of all European companies are small- and medium-sized enterprises
- Of these, 90% are micro-enterprises (with 10 or fewer employees)
- Average company size in Europe: 5 employees
- SMEs provide over 70% of total employment

Economic transition: Industry, services and agriculture

Contribution to gross value added by sector (EU-15)*:

	Services	Industry	Agriculture
2003	70.9%	26.8%	2.1%
1993	67.1%	30.0%	3.0%

Contribution to gross value added by sector (USA):

	Services	Industry	Agriculture
2004	76.7%	22.0%	1.3%
1994	71.7%	26.4%	1.9%

Contribution to gross value added by sector (Belgium):

	Services	Industry	Agriculture
2004	74.2%	24.8%	1.0%
1994	70.5%	27.7%	1.7%

Economic transition: Jobs and employment

Contribution to employment by sector (EU-15):

	Services	Industry	Agriculture
2005	69.8%	26.5%	3.7%
1995	64.5%	30.4%	5.1%

Contribution to employment by sector (USA):

	Services	Industry	Agriculture
2005	78.6%	19.8%	1.6%
1995	73.1%	24.0%	2.9%

Contribution to employment by sector (Belgium):

	Services	Industry	Agriculture
2005	73.6%	24.7%	1.7%
1995	71.1%	26.4%	2.4%

source: OECD

What has the SM done for companies?

- Single Market for goods largely in place
- ‘Mutual recognition’ of products lawfully produced and marketed in one Member State
- Harmonisation of rules where necessary
 - by maximum or minimum harmonisation
 - product standards for easier cross border trade
 - better access to public procurement
- Liberalisation of network industries - cheaper transport, telecoms and electricity
- Enforcement of rules in national and EU courts
- Euro area from 1998/9 and Enlargement

The Single Market and SMEs

- 2006 Services Directive
 - Principle of freedom to provide services
 - Less administrative and authorisation hurdles
 - Single points of contact
- SME inspired Better Regulation agenda
 - A war on wasteful red tape
 - Reduction of administrative burden
 - An extensive simplification exercise
 - Better impact assessment

Future Single Market measures

- A number of SMEs related measures in the Nov. 2007 Single Market Review:
 - Small Business Act, 2008
 - European Private Company Statute, 2008
 - Strive to improve the tax environment:
 - compliance costs
 - double taxation
 - fragmentation of the internal market
 - Further simplification of existing rules

The 'method' for future SM policy: a *networking* approach

- The future Single Market will be:
 - 'Decentralised' and 'network-based'
 - For instance SOLVIT
- SM policy will be assisted by initiatives like the Enterprise Europe Network:
 - an excellent tool to communicate Single Market measures to SMEs; and
 - an ideal sounding board to feed SME concerns back to single market policy-makers in Brussels

The Single Market



... it's your market

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