

SMEs and the Crisis

**5th conference European Regions and Cities
Salzburg, 13. Sept 2009**

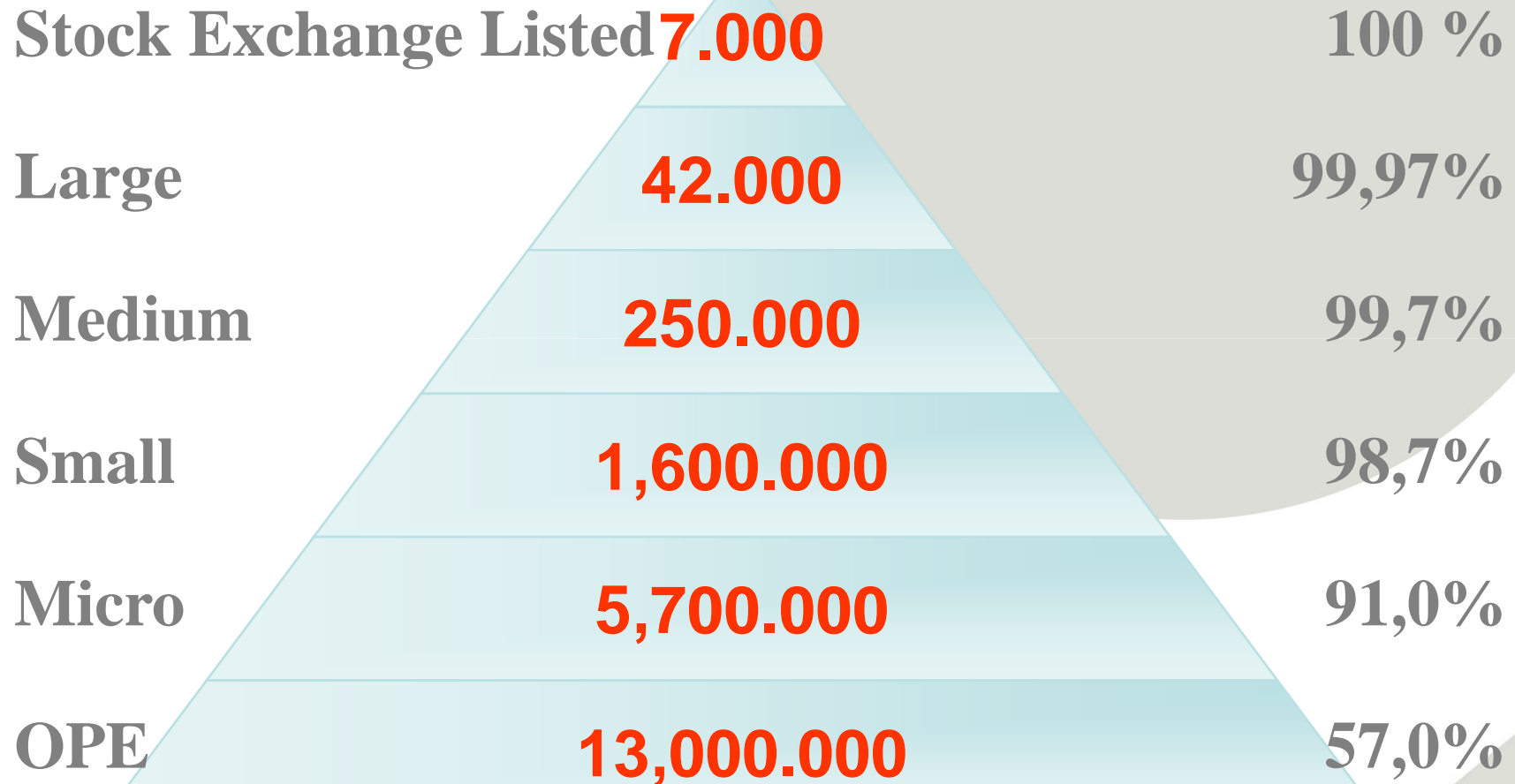
**Christian Weinberger
Entrepreneurship and SME Policy Adviser**

What is an SME ?

THE NEW THRESHOLDS (Art. 2)

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	or	Annual balance sheet total
Medium-sized	< 250	≤ €50 million (in 1996 € 40 million)	or	≤ €43 million (in 1996 € 27 million)
Small	< 50	≤ €10 million (in 1996 € 7 million)	or	≤ €10 million (in 1996 € 5 million)
Micro	< 10	≤ €2 million (previously not defined)	or	≤ €2 million (previously not defined)

Why are SMEs important ?

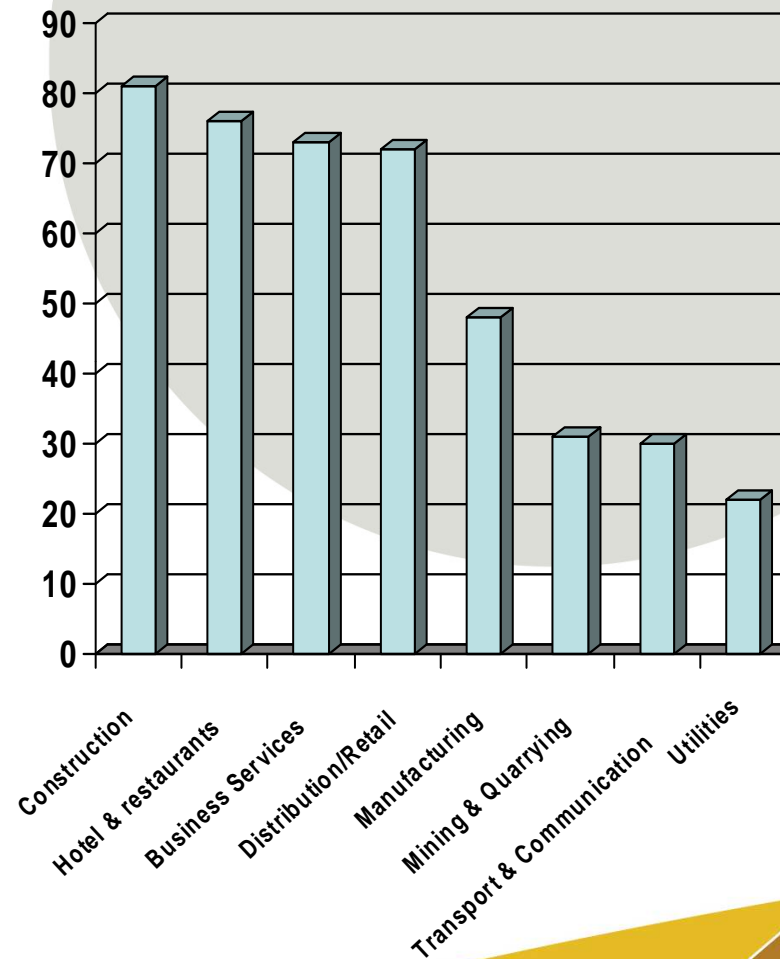


SMEs play a significant role

GDP value add

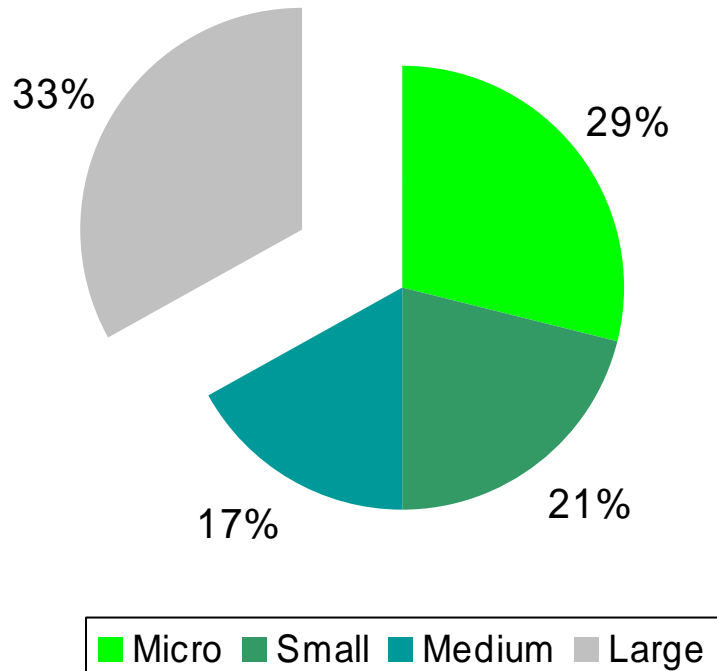
58%

**goods and
services in the
EU by SMEs**

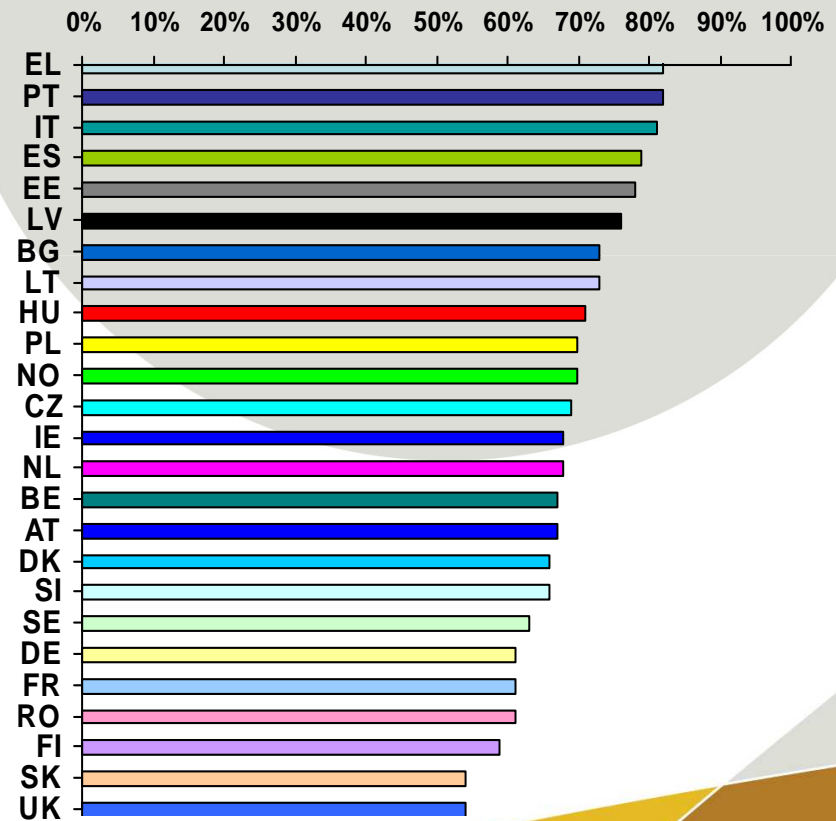


SMEs provide employment

Share of private employment

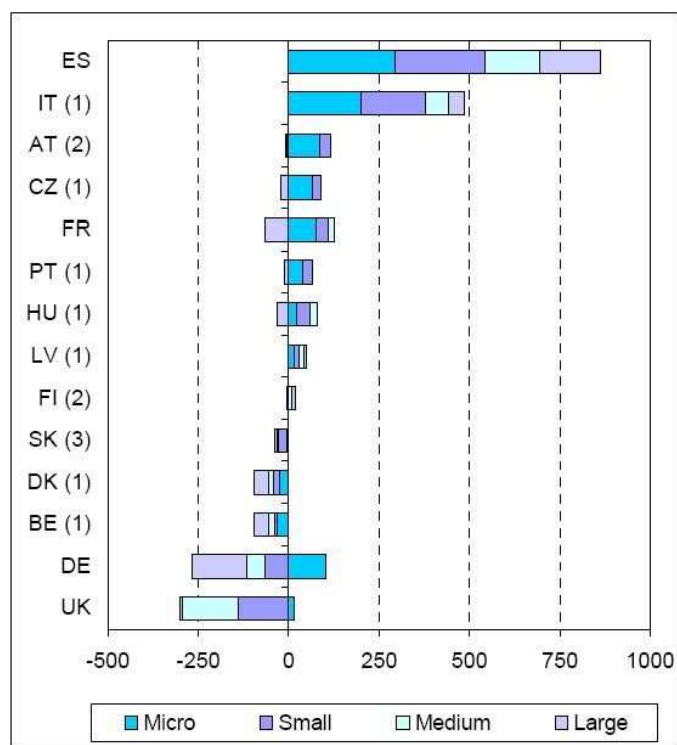


SME employment share

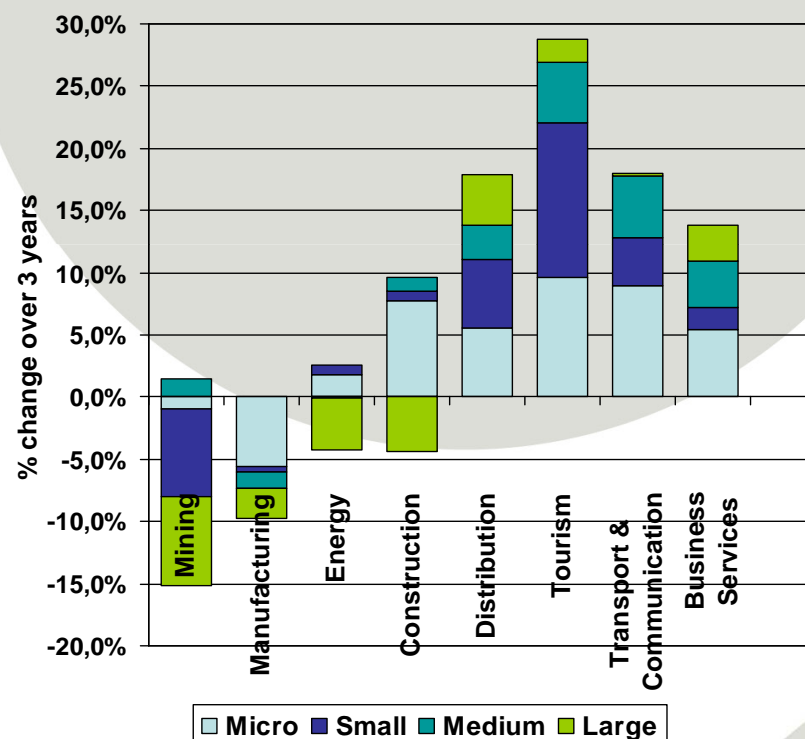


SMEs create employment

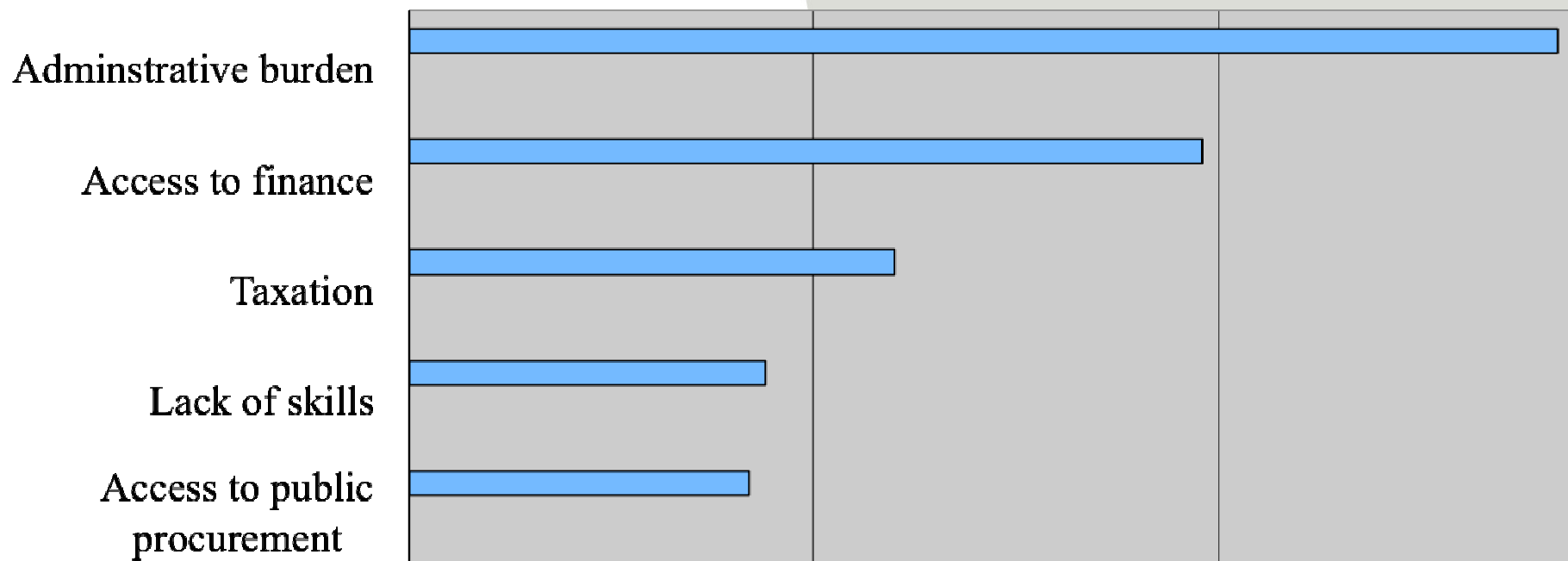
Figure 5: Gains/losses in the number of persons employed, non-financial business economy (NACE Sections C-I and K), 2001-2003 (thousands of persons)



Gains and losses in employment (in %)



Most frequent problems SMEs are facing

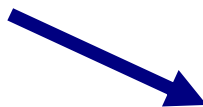


The Crisis

The financial sector



Real Economy

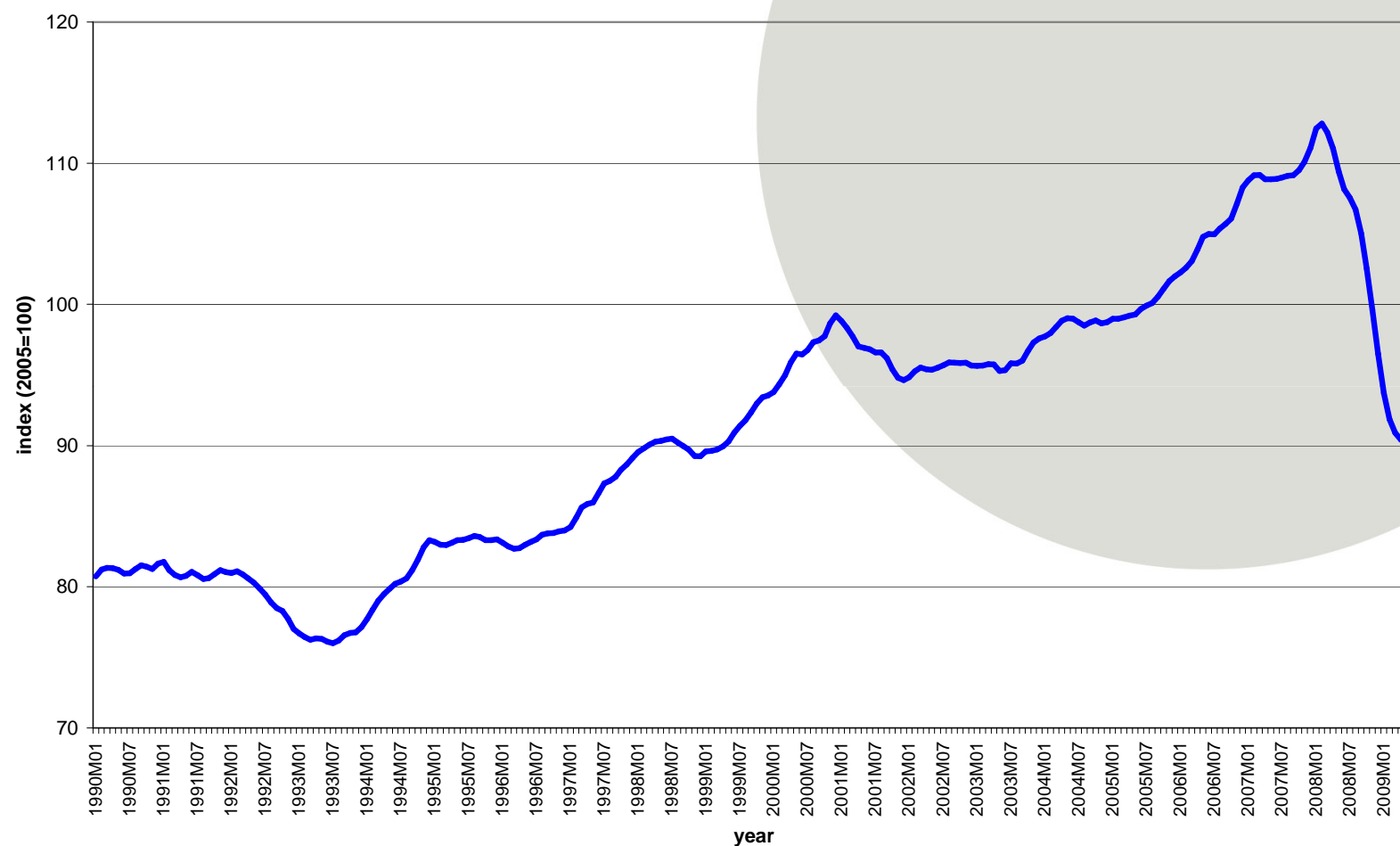


Demand

Access to Finance

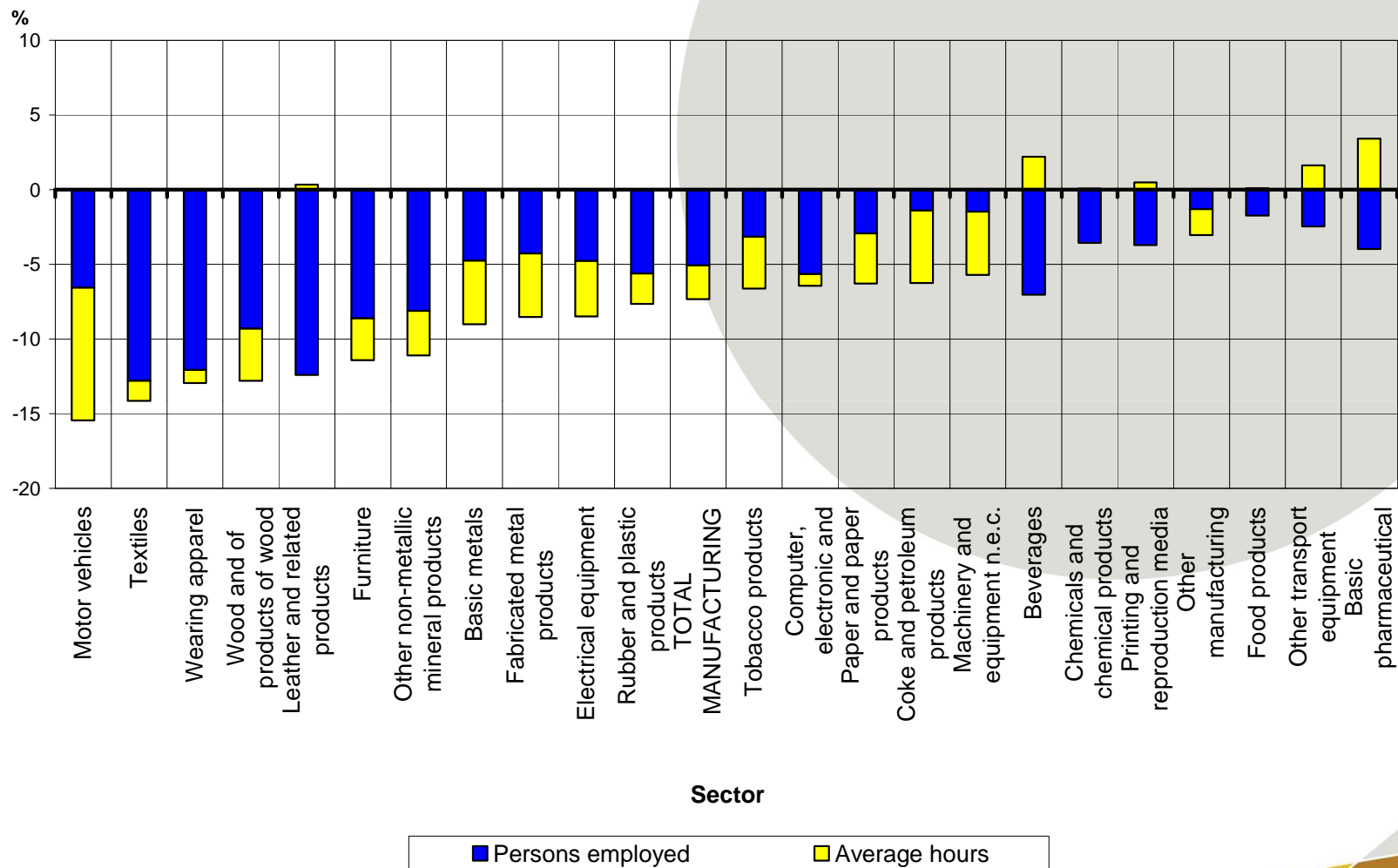


Manufacturing Production EU27

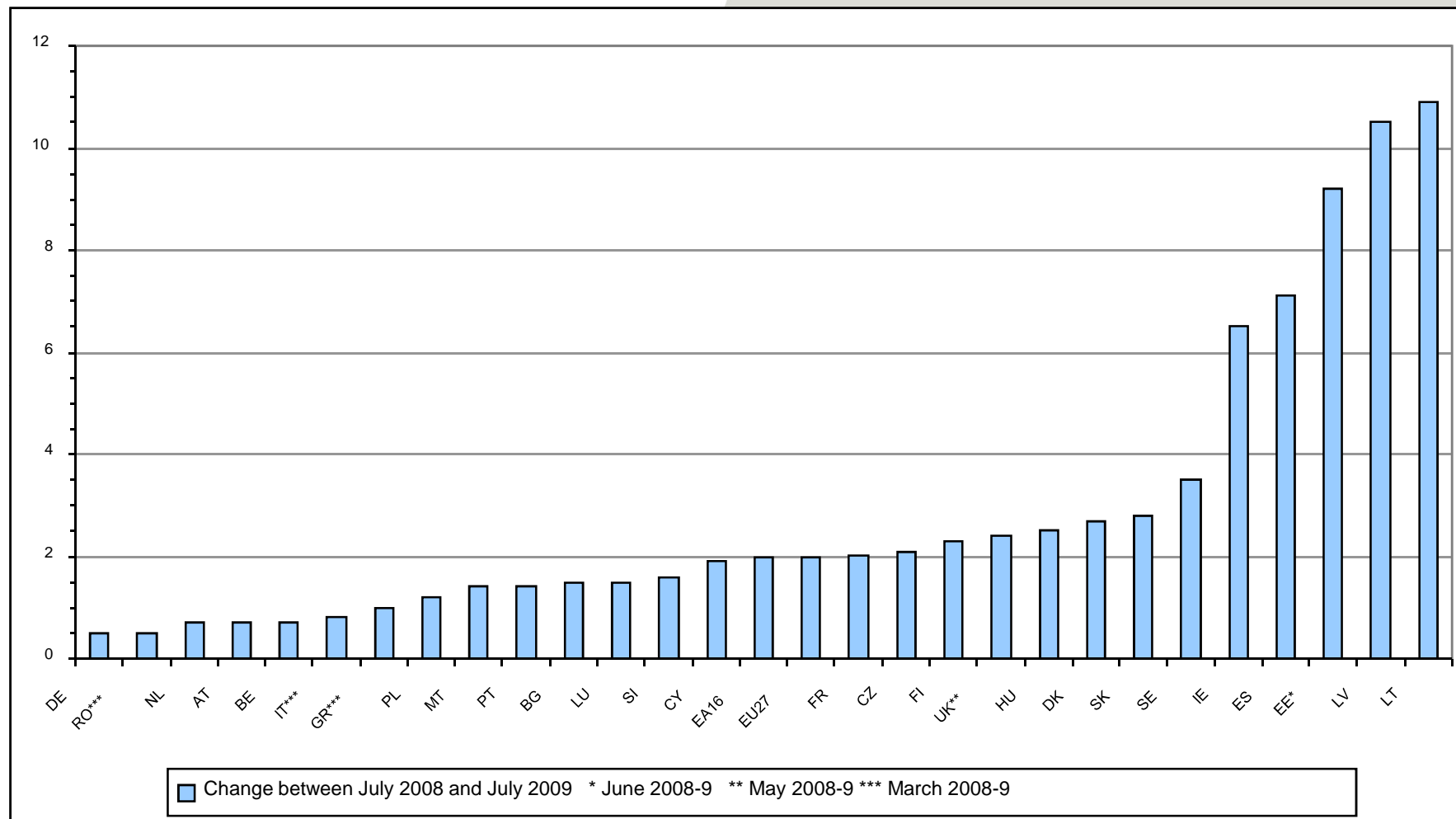


Source : Eurostat

Change in Overall Hours worked 1Q09 vs. 1Q08

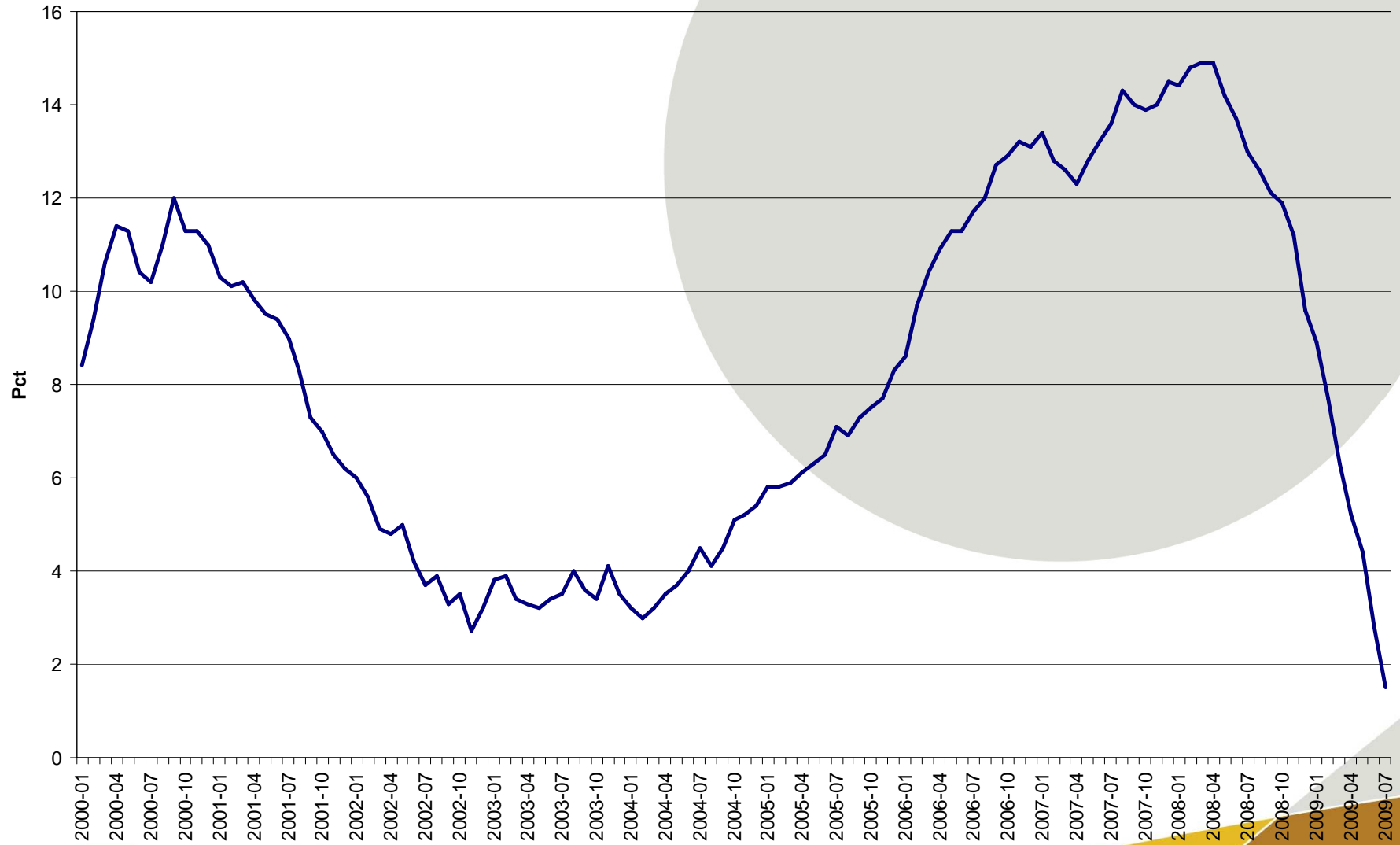


Changes in unemployment rates since July 2008 till July 2009



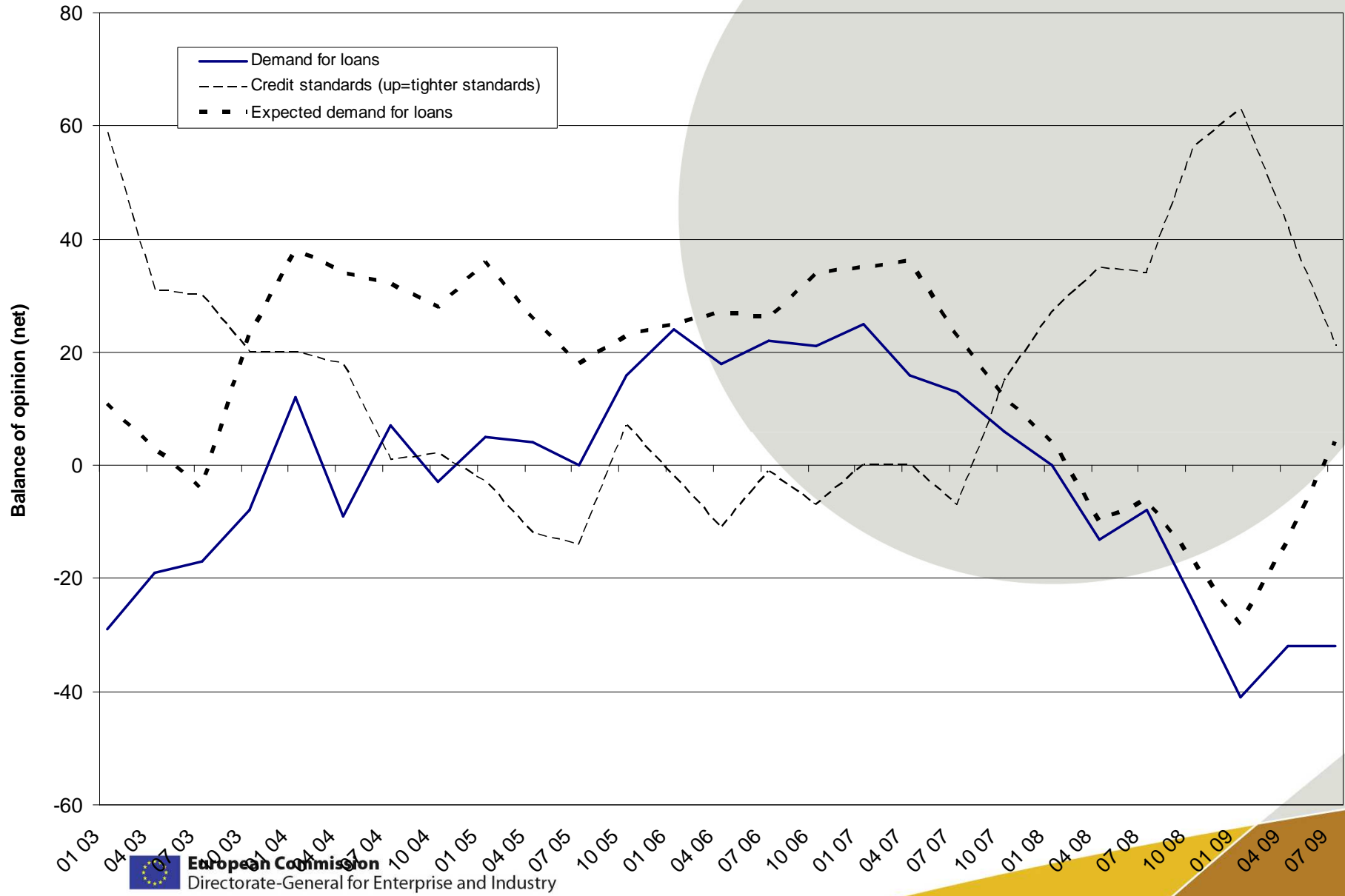
Growth of bank lending to non-financial firms (euro area)

(Source: ECB)



Bank lending to SMEs

(ECB bank lending survey, balance of opinion of banks)



Access to finance

- **Existing sources: ERDF/ESF, FP7, CIP/EIP (€2,17bn)**
- **European Investment Bank (EIB)**
 - **€30bn for 2011/12 (loans)**
 - **€1bn for Mezzanine Finance**
 - **€1bn for mid-sized companies (loans)**
 - **€50mio for microfinance (< €25.000) ('Jasmine')**
 - **EIB rules: now also intangible assets fundable**
- **Cross border mutual recognition of venture capital funds**
- **EU private placement regime for venture capital**



Targeted Anti-crisis measures :

- **Improved Late Payment Directive**
- **Public Authorities Early Payment Initiative**
- **Pull Forward of Public Markets**
- **State Aid Handbook for SMEs (Also to be used by regional authorities)**
- **Bank Loan Mediation**

The Small Business Act (SBA)

- **Adopted in June 2008**
 - **3 main objectives:**
 - **think small first, entrepreneurship, promote SME growth**
 - **10 principles**
 - **93 policy initiatives + 5 legislative acts**
 - **Implementing Lisbon strategy for Growth/Jobs**
- Commission, Member States AND Regions**

The 10 SBA principles

1. *Create thriving entrepreneurship environment*
2. *A 2nd chance for bankrupt honest entrepreneurs*
3. *“Think Small First”*
4. *Responsive public administrations*
5. *Public procurement + state aid*
6. *Access to finance + timely payments*
7. *Single Market opportunities*
8. *Upgrading of Skills and all forms of innovation*
9. *Environmental challenges as opportunities*
10. *Growth of SME markets*



Special: European Enterprise Awards

- **Awards for public authorities that promote entrepreneurship and SMEs**
- **Five categories:**
 - **Entrepreneurship promotion**
 - **Red tape reduction**
 - **Enterprise development**
 - **Investment in skills**
 - **Responsible and inclusive entrepreneurship**
- **Two selection stages: national and European**
- **Winning practices available in print and on line**

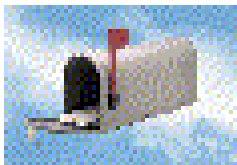
Where the regions are particularly involved

- **Annual SME week + European Enterprise Awards**
- **Regional/national entrepreneurship programmes (schools, universities, life long learning)**
- **SME test at EU and sub-EU level**
- **Regional procurement + state aid (General Block Exemption Regulation)**
- **Funding (EU regional + complementary regional/local)**
- **Regional SME support action in**
 - **Export Promotion**
 - **Environment ('greening' of EU funds)**
 - **Innovation ('gazelles', regional clusters)**



Info & Contacts

- SME Portal
http://ec.europa.eu/enterprise/sme/index_en.htm
- SBA
http://ec.europa.eu/enterprise/entrepreneurship/sba_en.htm
- Enterprise Europe Network
http://www.enterprise-europe-network.ec.europa.eu/index_en.htm
- Entrepreneurship
http://ec.europa.eu/enterprise/sme/promoting_en.htm
- Enterprise Experience Program
http://ec.europa.eu/enterprise/exp_prog/index.htm
- Good Practice Database
http://ec.europa.eu/enterprise/enterprise_policy/charter/gp



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