

Bulletin of the *Transilvania* University of Braşov • Vol. 2 (51) - 2009  
Series V: Economic Sciences

## EUROPEAN POLICIES FOR THE STIMULATION OF DEVELOPMENT OF SMEs

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**Abstract:** *Europe's small and medium-sized enterprises are the engine of the European economy and the main drivers for achieving sustainable growth and more and better jobs. At EU level, the European Commission has developed a comprehensive SME policy, which aims to ensure that Community policies and actions are small-business friendly and contribute to making Europe a more attractive place for setting up a company and doing business.*

**Key words:** *Think small first", Structural Funds of the EU, European commercial protections tools, Euro Info Centres.*

### 1. Introduction

The Small and Medium Sized Enterprises represent the engine of European economy and are also the most important driver of new jobs and economic growth. The European Commission through its actions, sets the needs of the small enterprises in the center of its policies. The European Commission develops and applies a variety of political measures especially conceived to support the SMEs in Europe. These policies have in view to create those conditions on which the SMEs can be created and be prosperous. But the SMEs will have the main role, if the EU follows its objectives of acceleration of the economic growth and creation of more and better jobs.

The new strategy of the Commission in the field of the SMEs aims to apply the principle „think small first” that allows the improvement of the business environment for the SMEs, the reduction of administrative costs, the simplifying and accelerating of the compulsory procedures,

the improvement of the access of the SMEs to the markets and the growth of their competitiveness. The member states have taken responsibility, through the European Chart for Small Enterprises, to develop a favourable business environment for the SMEs. One of the main objectives of the Community action is to allow its member states to benefit of the experience of their homologation and make use of its policies. This way everyone may become aware of the good practices and can apply them in his case.

The Commission has initiated a process of reduction of the bureaucracy the firms are confronted with and revises the existing community legislation, aiming to eliminate the unuseful administrative requirements. The member states are also asked to follow the example of the Commission. According to the estimates, this exercise may reduce the administrative costs by 25%, costs that are presently paid by the SMEs.

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## **2. Policies in the Field of the SMEs - Contents**

The SMEs are responsible for a great proportion of the economic and vocational activity in Europe. This governmental policies must be adopted that should contribute to the stimulation of the development of the SMEs.

### **2.1. Presentation of the Main Financing Opportunities Granted to the SMEs**

The Capital is essential for the start of development of a company, but to find out the most adequate financing form is very often a major obstacle for the small and middle sized enterprises. The investors and the banks often avoid paying the initial costs of foundation of the SMEs due to the implied risks. Sometimes the entrepreneurs do not entirely understand the concerns of the investors or the banks, fact that makes it difficult to find the necessary financial support. Presently, the European Commission is implementing a number of programs especially granted to the environment of financial improvement of the SMEs in Europe.

The European Union offers support to the small and middle size enterprises in Europe.

This may be found under different forms, like subventions, loans and in some cases – guarantees. The support may be offered directly, in the forms of the programs managed under national or regional level - as the Structural Funds of the European Union. Also, the SMEs may benefit of a variety of non-financial consultancy measures offered as programs and services of support for enterprises.

This tool aims to present the main community programs existing for the SMEs and contains a short description as well as the main sites of each program.

The European Commission collaborates with national authorities at the improvement of the financial environment for SMEs. Through the organization of

experience interchanges and good practices between the national governments, the Commission has allowed many member states to bring concrete improvements to the financial environment for the SMEs. Also the Commission has taken floor in the dialogue between bankers and SMEs in order to identify and reduce the main obstacles that the small enterprises may come across when looking for a financing form.

### **2.2. An Adequate Legal Framework for the Stimulation of the Development of the SMEs**

Presently the European Union undertakes huge efforts to reduce bureaucracy inside the existing legislation as well as in the legislative propositions. Initially, the Commission has rejected 68 projects of laws in 2006 and other ten projects in 2007. For the beginning the Commission works at diminishing of the number of laws regarding the simplifying of the SMEs' activities. These include the reduction of the reporting imposed by the accounting regulations, the reduction of costs for the trans-border taxes and the simplification of the customs procedures. We have to ensure the fact that the new laws do not make the activity of the SMEs more difficult but have in view their needs.

This is a part of the principle "think small first", introduced by the Commission in 2005, once with the presentation of the new policy regarding the SME's. All the legislative propositions have as object of a thorough verification regarding their potential impact on the SMEs.

### **2.3. Guarantee of the Loyal Competitiveness**

A unique competitive and open market is the best guarantee offered to the SMEs that follow to increase the effectiveness and their innovation potential. Thus the EU has introduced a powerful policy in the field of competitiveness which should protect the SMEs against the non-loyal competitions

of other economic entities. Without neglecting its engagement for a free competitiveness in Europe, the Commission updates its regulations in order to encourage the national and regional authorities to further redirect the public subventions. The Commission will continue to reduce the controversial actions and those which modify competitiveness in favour of the national champions and in change to sustain those measures that contribute evidently to the intensification of growth and job creation.

Because the European SME's have the biggest growth potential and new job creation, the small firms will be the first ones to benefit from these measures.

A particular field the Commission is concentrated upon is the prevention of abuse of dominant position. The large firms that exploit their power of market in order to eliminate the smaller competitors are involved in anticompetitive practices that are forbidden by the Community legislation. The Commission grants a special attention to the complaints made by the small enterprises that reflect such situations.

Also, such fusions are forbidden that create or consolidate dominant positions, impeding such potential abuses that may come afterwards. Generally the mergers which imply SMEs are not object of a Community control, because these cases do not have a European dimension. However, some arrangements between the large companies can damage the competitors, against the smaller enterprises. The most familiar examples are the arrangements regarding the prices or the cartel in which the companies establish as commonly agreed on the level of prices, thus the clients cannot benefit from the competition between the suppliers in order to obtain lower prices.

On the other hand the arrangements between the SME's are to a high extent

exempted from the interdictions stipulated in the Community treaties.

These should be able to protect from the competitors from abroad who do not observe the rules. The objective of the European commercial protections tools TDI is to protect the European companies from the commercial un-loyal practices from the third countries, as well as against the dumping or subventions that negatively transform the market. Also, these instruments protect the European producers in case of some strong and instant waves, of unforeseen import. The antidumping anti-subvention measures aim to re-establish an efficient and loyal competitiveness on the inner market. These instruments have an important role for the SMEs. The Commission has initiated communication and counselling actions especially by the Euro-Info Centres willing to assist the SMEs in their work with these instruments.

Also an assistance office was launched for the SMEs. At the same time the Commission views upon the third countries in order to verify whether they use the commercial protection instruments legally and correctly, directed against the EU. If needed, the Commission intervenes to guarantee the access of the European companies on the third country markets, many representing a problem to the SMEs.

### **3. Conclusions**

The development policies of European level aim to improve the existing situations, to eliminate the existing disfunctions, the balancing of the future development and consolidate the developing directions.

According to the specific situation on local level the development policies may be separated as:

- Policies based on opportunities that allow the contractation of weaknesses-combinations that support strategies directed towards change.
- Policies based on opportunities sustaining strengths – combinations that sustain offensive strategies.
- Policies based on weaknesses and threats –combinations that support defensive strategies
- Policies based on strengths and threats – combinations that sustain diversified strategies

For each one of the given policies development programs are proposed, as general formulas, which at the stage of the action plan will turn into groups of projects, whose accomplishment will lead to the implementation of development policies.

The success in solving of the problems of economic development of the SMEs and of the implementation of the adopted policies can be attained only through collective efforts of the governmental, private and non-governmental sectors.

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