

Contractors could benefit from new small business act for europe

Contractors could have a part to play in reversing Europe's economic woes, as the European Commission (EC) unveils a new [Small Business Act \(SBA\)](#) to stimulate Small to Medium Sized Enterprise (SME) activity across the continent.

Based on ten core principles, the SBA is designed to reduce the administrative burden on SMEs, who often suffer the same level of regulation as major trans-national corporations despite having a fraction of the resources, by 25% as soon as 2012.

If adopted throughout Europe, the new rules would enable contractors to work abroad more easily and late payment legislation would receive a boost. The EC also wants SMEs to win more public sector contracts, as the existing tendering process is time consuming and difficult for SMEs to access.

'Think small first'

According to the European Commission, there are 23 million SMEs in the European Union (EU) employing over 100 million people. And although 99% of companies in the EU are SMEs, most of the statutory administration burden does not depend on company size and often places an unreasonable burden on small firms.

Another focus of the act is to stimulate entrepreneurship throughout the region, particularly in young people. A more flexible stance towards encouraging contractors and recognising the value of their contribution to the European economy can only be a good thing.

Economic gloom

Unlike the UK, many European countries have experienced low growth and poor economic performance in the last decade. A major factor in the UK's success has been the high skills, flexibility and mobility of its workforce.

In recent years, SMEs have created 80% of new jobs in the EU, a fact recognised by The [Federation of Small Businesses](#). "Small businesses will make a vital contribution to bringing Europe out of its economic gloom, but the EU must release them from their administrative shackles and allow them to fulfil their potential," says Tina Sommer, FSB EU and International Affairs Chairman.

"The Small Business Act provides a critical opportunity to give Europe's entrepreneurs a better deal," continues Sommer, "As Europe's economy continues to slow down, our message to the EU is: help small businesses to help you."

“ The Small Business Act provides a critical opportunity to give Europe's entrepreneurs a better deal ”

Tina Sommer - FSB

What the Act says

Ten principles have been created that are designed to guide the development and implementation of new policies at European level and for individual member states:

- o Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded
- o Remove the stigma of bankruptcy and allow entrepreneurs a second chance
- o Encourage regulators to design rules with the "Think Small First" principle
- o Encourage greater responsiveness in the public sector to the needs of SMEs
- o Adapt public policy tools to SME needs, and open-up public procurement and enterprise support
- o Improve access to finance and develop a legal and business environment supportive to timely payments in commercial transactions
- o Promote the benefits and opportunities offered by the Single Market
- o Encourage the investment in skills development and innovation
- o Enable SMEs to turn environmental challenges into opportunities
- o Encourage and support SMEs to benefit from the growth of emerging and existing markets

The principles sound great in theory and could benefit contractors hugely if implemented. However, there is a long way to go before the Small Business Act is finalised and ratified into the national laws of the member states.

As Sommer from the FSB says: "This may be an act for small businesses, but it must have bigger ambitions and concrete actions to be considered worthwhile by Europe's entrepreneurs."

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Tina Sommer, FSB EU and
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