

MKB-Nederland EU lobby agenda

The Royal Association MKB-Nederland promotes the interest of 170.000 entrepreneurs. Around 125 branch organisations and 250 regional and local entrepreneurs' fellowships are affiliated to our organisation. Our members are active in all sectors of the economy, e.g. the construction, industry, retail, recreation and tourism, business services and health care and medical services. MKB-Nederland works closely together with employers organisation VNO-NCW which has over 160 (branch)associations as members, representing more than 185.000 enterprises. Together, we represent the vast majority of Dutch businesses.

The EU's internal market is of great importance to Dutch small- and medium sized enterprises. Dutch SMEs do most of their business with EU countries. A strong, uniform and complete EU internal market helps companies to trade cross border without obstacles caused by legislation. The EU's competitiveness is vital for the position of SMEs that trade and operate within the EU.

MKB-Nederland has identified different priorities for the European SME agenda in 2018-2019.





TRADING IN THE SINGLE MARKET

Dutch SMEs trade cross-border in goods and services on a daily basis. Tackling single market barriers, like, for example, heavy regulation of professions in some Member States, will boost the mobility of smaller companies to conduct cross-border trade. MKB-Nederland supports proposals that try to improve the single market for goods and services.

Our objectives:

- Implementation of the proposals in the Services Package (proportionality test for regulated professions and the new notification procedure under the Services Directive). The proposals will tackle disproportional regulation in the services sector.
- Adoption of the Goods Package (proposal for an improved Regulation of Mutual Recognition for products and a Regulation for compliance and enforcement), instead of the Product Safety Package which has been stuck in negotiations since 2013.
- Better enforcement and implementation in the Single Market.



CONSUMER LAW AND PROTECTION

Since e-commerce has boomed and has become increasingly cross-border, a level playing field is not only vital for a good functioning of the EU consumer market, but also for consumer confidence and knowledge of their rights. This means that European Consumer law should be as fully harmonised as possible, especially the guarantee period. In addition, there is a need for a better balance between consumer rights and the competitiveness of the businesses (e.g. level of regulatory burdens). The EU already has the highest level of consumer protection in the world.

Our objectives:

- A fully harmonised European guarantee period and period of reversal burden of proof.
- The Sales Directive needs to be amended, so SMEs will not be confronted with increased risks because

of the obligation to sell imposed by the Geoblocking Regulation.

- MKB-Nederland supports the Commission's proposal to remove the right to withdraw when goods have been used more than necessary to establish the nature, characteristics and functioning of the good. It is important that the EP and Council support this too.
- With respect to the European Commission's representative actions proposal, we believe that abusive litigation must be avoided.



FREE MOVEMENT OF LABOUR

MKB-Nederland strongly supports the free movement of workers. Mobility in the EU is necessary to create employment opportunities for job seekers and will provide opportunities in places where there are shortages of skills.

- The European Commission launched the initiative for a European Labour Authority. The proposed Authority should have added value in terms of providing efficient and easily accessible information for SMEs to find and post skilled workers cross border. The approach must be 'Think small first' and to avoid bureaucracy and administrative burdens.
- The development of adequate skills should be in line with the needs of SMEs. New technologies and digitisation require a focused extension of training programmes in order to ensure the skills and competence needed.



DIGITALIZATION

A properly functioning digital single market is in the interest of SMEs. SMEs are important contributors to the digital transformation and need an environment that facilitates the development of innovative products and services. Creating a digital single market in which SMEs can prosper is our main goal. Overall, the EU should support SMEs that want to digitalize their businesses.

Our objectives:

- Ensure that public authorities accommodate companies in their efforts to implement rules resulting from the General Data Protection Regulation (GDPR).
- Ensure that any additional privacy legislation is fully aligned with the GDPR and does not disrupt the current balance between protecting personal data and facilitating innovative business models.
- Ensure that SMEs will receive support for investments in digitalisation within future EU financing programmes.
- Ensure that the Commission's proposal to make trading practices of online platforms transparent will also address the concerns of SMEs regarding fair terms and conditions and access to data.
- Ensure that unjustified national localisation measures should no longer restrict the free movement of data across the European Union.



PUBLIC PROCUREMENT

SMEs experience many difficulties to participate in public procurement procedures. Despite some improvements in the public procurement directives, the procedures still result in heavy administrative burdens for SMEs.

Our objective:

- Increase the thresholds for the procedures for the award of contracts to a higher amount. This will reduce the administrative burdens and make it easier for SMEs to participate.



ENVIRONMENT AND CLIMATE

Sustainability is an important theme for SMEs. Dutch businesses are fully committed to the Paris Agreement. Innovation and finance is needed to guarantee a full scale transition in the Netherlands and meet the energy- and climate targets for 2050.

Our objectives:

- Make sure that the Clean Energy Package is adopted

and strengthens the EU competitive dimension of the EU Energy Union, with CO2 reduction as central instrument.

- Create an EU-wide business model for companies through the Circular Economy Package.
- Make sure that use of plastics is reduced in the EU in a clear and cost-efficient way.
- Strengthen the competitiveness of the Dutch transport sector by reducing transaction costs and making traffic 'smart, clean and safe'. Proposals in the area of market access and posting of workers must be adjusted.



RESEARCH & INNOVATION

Dutch SMEs actively participate in and highly value Horizon 2020. Key assets of Horizon 2020 are its three-pillar structure (with science, societal challenges and industrial leadership, including key enabling technologies as focus points), building strong public-private partnerships which enable new, innovative networks, dedicated SME instruments and excellence as a central criterion.

Our objectives:

- Extra budget for research and innovation is needed in FP9 (new Horizon2020)
- FP9 should cover the whole innovation chain from basic, to applied research to close-to-market actions.
- Special support for SMEs, including the prolongation of the very successful SME Instrument and an earmarking of a dedicated budget of 20%, should be maintained.



SME STATUS AND FINANCING

Financing SMEs is important to stimulate economic growth in the EU. The EU has different financial institutions and programmes to improve funding available to SMEs. The European SME definition is an important tool for SMEs to require access to finance.

Our objectives:

- The EU SME definition should not be fundamentally modified by the European Commission. However,

SMEs that are financed by a venture capital fund should also be considered as SME.

- The proposal for a Regulation on crowdfunding should be adopted to ensure that crowdfunding can be used in an optimal way for financing SMEs. The EC has set a threshold for platforms of € 1 million. We consider this too low. In The Netherlands we already have a threshold of € 5 mln. that platform can raise.
- Maintaining a fair balance between grants for projects before commercialisation phase and financial instruments for highly innovative but risky companies.
- The Late Payment Directive has a positive impact on payment terms. Its main success is that it has sparked the discussion in Member States about late payments.



COMPANY LAW

Bringing the existing company law rules into the 21st century is important for Dutch SMEs. Up to date rules facilitate business to make use of new and digital tools to create a new company more easily and communicating company data.

Our objective:

- Ensure that business can use digital tools and processes in company law, which reduces the administrative burden for SMEs and contributes to a better business environment.



TAXATION - VAT

The Commission adopted an Action Plan on VAT in 2016 with the objective to modernise the EU VAT system and make it simpler, more fraud-proof and business-friendly. When we focus on the need of SMEs we highlight a few VAT measures which have been presented in 2017 and 2018.

Our objectives:

- EC Proposal for a definitive VAT-system. We have serious objections against the proposal, especially against the proposed taxation of cross-border

transactions (instead of the actual zero rate). This proposal will not stimulate SMEs to become active in cross-border activities. Taxation will not only lead to large negative effects on cash flow, but also to substantial new administrative burdens for SMEs, because taxation means that the rates of potentially 27 Member States have to be applied.

- EC Proposal VAT SME scheme. We support an improved European VAT SME scheme which will make VAT exemptions also available for EU cross-border activities of small enterprises and will allow small enterprises to profit from VAT-simplifications. Special attention has to be paid to the prevention of risks of distortion of competition.
- EC Proposal VAT rates. We support the proposal to grant Member States more flexibility in setting reduced VAT rates and the proposed replacement of the "positive list" by a "negative list" of goods and services. Although distortion of competition has been addressed in the EC-proposal, the "negative" list raises questions. According to the explanation the list includes the supply goods and services where reduced rates could distort competition. The list is "extended by the supply of certain consumer goods to counterbalance the increase in flexibility for Member States." This global explanation does not give insight into the considerations that underlie the chosen categories. Apparently the list contains also "counterbalance" categories which are not on the list because of the risk of distortion of competition. Insight is necessary because the risk of randomness has to be avoided. Moreover, are "counterbalance" categories needed? As a safeguard against erosion of revenue it is, after all, required that the weighted average VAT rate in a Member State should be higher than 12%.
- Furthermore for SMEs it is crucial that a well-functioning European VAT web portal will be introduced in the