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SMEs in the European Policy-Process

Interest representation and influence

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Abstract

The European Commission stresses the importance of Small and Medium-sized Enterprises (SMEs) for the European economy. SMEs are held to be the 'backbone' of the European industry and their prosperity will enable the EU to reach the Lisbon strategy's goals about growth and competitiveness. Yet large enterprises are normally seen as the influential business interests in European policymaking. The purpose with this thesis is therefore to analyse the possibility for SME interests to influence the EU policy-process. Swedish SME interest associations, and European SME federations, constitute the units of analysis. Theories on business associations and policy-making in the EU, together with reports on SME organisations access and representation in the multilevel EU system's institutions, form the outset. Interviews were conducted with representatives for SME organisations and officials working with SME questions in Sweden and in Brussels. This in order to reveal representation patterns, SME importance, and institutional accessibility. The analysis shows that SME interests can frame the EU economic objectives, but that institutional arrangements and barriers make it difficult for SME interests to be influential within the entire EU policymaking system. In addition, SME interest representation is mostly horizontal, with a cross-constituency, and EU policymaking is often conducted in sectoral settings. This produce less widespread SME interests representation in the EU policy-process.

Key words: SME, EU, Business Interest Associations, Policymaking, Lobbying

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List of Abbreviations

BIA	Business Interest Association
CIP	Competitive and Innovation Framework Programme
COREPER	Permanent Representatives Committee
DG	Directorate- General
DG ENTER	Directorate-General for Enterprises and Industry
DG MARKT	Directorate-General for the Internal Market
EEN	Enterprise Europe Network
EESC	European Economic and Social Committee
EIC	Euro Info Centre
EP	European Parliament
FIEC	European Construction Industry Federation
IRC	Innovation Relay Centre
MEP	Members of the Parliament
MS	Member State
SBA	Small Business Act
SEM	Single European Market
SME	Small and Medium-sized Enterprises
UEAPME	European Association of Craft, Small and Medium-sized Enterprises

1 Introduction

99 percent of all European enterprises are small or medium-sized. Still, most EU policies and concerns have traditionally been in line with the requirements of the 1 percent of large firms. These large enterprises are usually regarded as influential actors in policy-making processes in the EU. However, changes in the global political economy, which enable large, global enterprises to increasingly locate their industries outside of the EU have increased the awareness of the importance of these Small and Medium-sized Enterprises (SMEs) to create and sustain new jobs in Europe.

The importance of SMEs was first stated in the Lisbon Strategy in 2000. When the Lisbon strategy was relaunched in 2005 SME policy became a key element. SME prosperity was seen as a crucial factor for achieving more growth and more and better jobs in the EU and SMEs was appointed the ‘backbone of the EU’s industry’ (COM(2007)592:3).

As such it is therefore interesting to study if this new focus on SMEs is also reflected in the EU policymaking process.

1.1 Purpose and problem formulation

A new EU tool supporting SMEs, the Small Business Act (SBA), will be launched by the Commission in summer 2008. The SBA is intended to better take into account the needs of European SMEs and to help them ‘grow and succeed’. However, the legal status of the SBA is still unknown and Vice-president commissioner Verheugen said that the term ‘act’ was chosen to illustrate “a combination of legislative actions, political commitments and concrete practical steps”. The European SME Federations have reacted against this formulation for fears of it being ‘toothless’, and the Swedish Ministry for Enterprises assumes it to be a declaration of intent rather than a legally binding document. This feature seems to be somewhat typical for SME interests in the EU – there is a will to support SMEs, but the measures undertaken are not regarded sufficient by the SMEs. This is interesting since in EU policymaking, business interests generally seem to have priority over other interests in society. It also raises questions about how SMEs are represented in the EU policy-process, since SME interest seem less successfully represented than large firm interests. The purpose of the study is to analyse the SME interests in the EU policy-process, as well as examine if the representation patterns explains the possibilities for SMEs to influence EU policies.

Studying SMEs is also of interests since most research conducted on business participation in the EU policymaking process focus on large enterprises and very few upon SMEs (Dannereuther 1999:440). Business Interest Associations (BIAs) influences are also understudied (Greenwood 2003:75) My focus upon SMEs and their interest associations therefore adds a further dimension to the research about business interests in Brussels.

SME associations are not acting in a vacuum and to understand these associations' possibility to influence EU policies it is important to take the multilevel EU policymaking arrangement into account. I will therefore study the possibility for SME interests to influence the EU policy-process by focusing on how the interest representation is conducted in the EU policymaking system. I will analyse how SME interests are organised, how they participate in EU and national institutions related to policymaking, and how well SME interests are represented in the crucial initiating phase of the policy-process. My exact problem-formulation will be:

How are SME interests represented in the multileveled EU system? And which implications do these representation patterns have for the possibility for SME interests to influence the EU policy-process?

1.1.1 Disposition

This chapter will continue with a theoretical discussion about Business Interests Associations and policymaking in the EU and methodological procedures and material.

Chapter 2 considers the empirical material of how SME representation is organised, and relates it to theoretical assumptions about BIAs.

Chapter 3 discusses how SME interests are represented in the EU multilevel policymaking system and the institutional arrangements' implication for SME interests representation.

Chapter 4 examines how SME interests are represented in expert groups and how the structure in this agenda-setting phase affects the possibility for SME interests to influence.

Chapter 5 discusses the results.

1.2 Theoretical starting point

In order to understand how, and to what degree SME associations can influence EU policy-making, the mechanisms influencing the Associations need to be considered. Yet, these associations are not acting in vacuum and therefore one also has to consider the structure of policymaking in the EU.

1.2.1 Business Interest Associations

Most theories concerning business interests associations (BIAs) are based on Olson's (1977) theory of the 'logic of collective action'. This theory refers mainly to the logic of membership and adopts a 'bottom up' perspective. It asks why and under what conditions members of a group would be willing to form and join an interest association, and what associations have to do in order to recruit and keep members (Olson 1977). The main critic against Olson's theory is that he ignores the social aspect of associations and the possibility to associate in order to achieve 'common goods', such as benefits from the implementation of specific policies (Aspinwall 1998, Jordan 1998).

This discussion is relevant in relation to SMEs, but simultaneously somewhat beyond my research field since I am focusing upon national and European business associations at the EU level. Once a decision has been made to associate at the national level it is also rational to associate at the European level. The collective action problems are therefore no more than background factors to the constituency of EU federations (associations of associations), since these European federations, unlike the national associations, draw their membership constituency primarily from those who are already politically active. Hence, participation in a EU federation is a means to advance the interests of the national grouping (Greenwood 2003:77-78, Jordan 1998:32-37).

It has been argued that the main problem for European business federations is not the creation of federation, but the heterogeneous rather than homogenous association members, as well as the members will to keep some autonomous characteristics. The relationship between these heterogeneous actors affects the possibility for the association to act (Jutterström 2004:28). Furthermore one problem with wide federations is the slow and cumbersome 'lowest common denominator proneness' that can be found among associations seeking to represent a membership wide constituency (Greenwood 2003:82).

Even if a large member constituency can cause problems it also gives higher legitimacy in the EU policy-process (Eising 2004:24). A common position from different SME Associations strengthens the legitimacy of SME Interests. The power of a BIA is additionally considered to depend upon the association's capacity to link several levels of the EU multilevel system. That is, to effectively gather support through lobbying in all relevant EU policy arenas, i.e in both Member States (MS) and in Brussels (Wessels 1997:35-36). Associations that manage to be present throughout the different policy levels, multilevel players, are considered to be the most successful (Eising 2004:24). Furthermore Young argues that an interests need support from a powerful coalition of member governments, EU institutional support, and interest representation, to be influential in policymaking (1997:218). Another important power tool for business interests is said to be resources and market power. However, Greenwood

argues that market power does not automatically translate into political power and claims that it is possible for BIAs with special interests to prevail in certain types of circumstances (2003:74).

Finally, BIAs are not rational actors, which take rational decisions. Associations do not always understand what they are doing and what the outcomes may be of their decisions since they are involved in a whole series of policy games at different levels of the EU system. This explains why they may appear to settle for sub-optimal choices. (Jutterström 2004:23-27).

1.2.2 Policymaking in the EU

It is widely accepted that external circumstances and institutional organisation has important consequences for interest associations and their possibility to influence European policies. It is regarded as important to retain a sense of limits as to what interest associations can and do contribute to public policy making (Greenwood 2003:27, Cram 1998:64).

A central feature of the Euro-lobbying system is that it is essentially a multi-arena, multi-level, decision-making system in which all actors necessarily participate in complex series of 'nested games' at both national and European levels. Thus, it is a system of multiple access points created by institutionalised multi-level governance. The fact that there are so many different venues for lobbying means that the EU is a multifaceted policy process (Mazey, Richardson 2001:220-224). It is therefore necessary for interest organisations to have dual strategies and to be present at both the EU and the national level in order to monitor and influence EU programs throughout the entire policy cycle. This because policy debates at one level and in one arena do not necessarily trigger changes at another level or in another arena (Eising 2004:216). Moreover, lobbying resources allocated in an early stage of EU policy-process are assumed to produce greater returns than resources allocated later in the policy process and the preparatory phase of policymaking is therefore seen as crucial (Mazey, Richardson 2001:220, Larsson 2003:4).

A policy sub-domain concept, which makes it possible to study an interest in different arenas, is useful when analysing influence in EU policymaking. It allows for comparison of the influence of an interest between different policy sub-domains, since the influence of an interest can differ between different areas and levels (Nylander 2000:45). The EU political system is therefore often described as one in which no one type of interest can routinely dominate due to the highly pluralistic, competitive, complex and multi-level system of networks, which is accessible to a range of interests (Greenwood 2003:2, Wessels 1997:32).

However, according to several authors some interests can prevail over general policies under certain circumstances. According to Greenwood one example is interests with a highly technical character, with a narrow sectional interest where the costs are diffused widely across the society

(2003:2). Policies that can be used to distribute benefits across a wide range of countries or regions, and thus provide political benefits to a wide range of actors and who does not create obvious winners and losers, are another advantaged interest according to Peters (2001:90-91). Dominance may also arise where the interest of a particular constituency are uniform with the broader aim of European integration and within the climate in which policy-making arises. This allows the interest's constituency to define and 'frame' issues from which policy initiatives follows (Greenwood 2003:2, Cawson 1997:200). Furthermore, an interest will be widely shared and accepted if it is relevant to a pressing issue and promises a successful problem solving (Kohler-Koch 1997:65).

Several authors also emphasize that EU institutions play an active role in the EU policy process (Cram 1998, Knill 2001, Nylander 2000). Institutions are said not just to be 'political arenas' but actors actively shaping norms and values, able to develop their own agenda, - not simply as a structure in which other actors pursue their goals (Cram 1998:70). Nylander argues that the Commission makes use of selective mechanisms for the inclusion and exclusion of interests, thus active and selective in the consultation of interests (2000:60). Hence, associations are forced to take the political and institutional constraints of public actors involved into account, and moderate their expectations accordingly. This allows the Commission to skilfully moderate input demands by pointing to the need of finding a solution that will win favour in other institutions (Greenwood 2003:273). Thus, the EU is a pluralistic system of multi-level governance, but in which institutions matter in the sense that institutional biases privilege certain interests over others. The role of the European institutions is therefore crucial to an understanding of how incentives for collective action are produced, distributed, and interpreted, since the European institutional environment affects the potential for collective action (Aspinwall, Greenwood 1998:23).

1.3 Methodology

1.3.1 Method

The focus in this thesis is upon the empirical material I gathered and the theories discussed above are used to understand and analyse the findings.

It is difficult to measure influence. However, if one regards the EU as a multi governance system it can be useful to take a comprehensive perspective to cover policymaking in the multilevel governance system with different policy sub domains (compare Nylander, Greenwood, Wessels). It

gives a broader over-all picture of a particular interest's influence since it makes it possible to measure how SME interests influence different policy-making fields. It also enables us to examine the interaction between SME interest representations at different levels. Hence, the EU policy-process refers to the process of discussions and negotiations concerning a policy conducted either in EU institutions by EU officials, national government officials and Interests representations, or through debates on the national strategy in national Ministries.

This method is however not unproblematic. First of all, representation does not mean influence (Nylander 2000:179). Nevertheless, I believe that participation is important - an association that participates in policy-making can more easily influence the outcome than if it did not participate. According to Wallace and Young, the EU policy process has a number of features that both encourage participation and encourage the belief that participation gives a degree of influence (1997:244). Bouwen further stresses that access to the EU institutions is a 'conditio sine qua non' to exercise influence in the EU policy process, and that access therefore is likely to be a good indicator of influence (2002:366). The possibility for BIAs to influence EU institutions thereby depends upon the different access and decision obstacles that exist and how the associations can handle them (Jutterström 2004:198).

Apart from access and contacts with EU and national institutions, I will also examine the possibility for SME interests to prevail in different policy-making domains since this was emphasised by the theoretical assumptions (see Peters 2001, Greenwood 2003, Cawson 1997). Additionally, as the initial phase of policymaking is seen as crucial in EU policymaking (Mazey, Richardson 2001:219-20) I will also give special attention to SME representation in Expert Groups. Finally, since SME and large firm representation differ, representation arrangement may be important in order to explain some of the differences in influence.

1.3.2 Material

I have conducted both telephone interviews and e-mail exchange for my study. These contacts have been complemented by official documents in order to generate a broad understanding of the research field. I have interviewed a wide range of actors linked to SME representation at both national and EU level since I want to create a broad comprehension of SMEs interests in the EU policymaking process. The selection of participants consists of 30 interviewees comprising representatives from Swedish public SME organisations and private associations, European horizontal and sectoral SME federations, Swedish Ministry officials, Commission officials, a Swedish Permanent Representation official, a public affairs consultant, and research group representatives. The wide range of participants is due to my ambition to illustrate the possibilities for

SMEs to influence the EU policy-making from as many different perspectives, and in as many different domains, as possible. I have asked mainly the same questions in all interviews, yet some small differences exist depending on the different fields of the participants. The high amount of participants implies a good validity.

The European SME Federations that I examined were chosen from the Swedish SME Associations' membership, because of their reputation at the European level, either as horizontal SME representatives, or as the sector organisations with the broadest SME rate (Eurostat 31/2008). They are additionally the leading SME federations according to the Parliaments Magazine's Regional Review (2008). I am talking about SME interests in general, but the fact that I examine only Swedish Associations may affect the results. Especially since some countries require membership in a Chamber of Commerce. The main point is to show the implications of the relationship between European Federations and National Associations and how different levels of representation interact. That only Swedish Associations are examined naturally affects the possibility to generalise the findings.

The interviews were conducted by a semi-structured method with predetermined questions, but with open interview answers, following Lantz (1993:68). The participants had possibilities to answer freely and with little steering. The interviews were not recorded but I made a fair copy of the notes directly after each interview. It makes it harder to quote, even if some short exact quotes exist. The respondents are ensured anonymity concerning their answers and their names will therefore not be linked to the statements but referred to the organisations. Each statement will be replaced by a number, and a list with all organisations and their number can be found in Appendix 1.

I have tried to strive for an objective reflection of the situation, although all people interpret the world subjectively. According to Greenwood it may be common for the participant to underestimate its own influence and inflate that of its opponents' (2003:11). The subjectivity of the participants and myself, and our interaction, can of course affect the reliability (Lantz 1993:107). Greenwood therefore stresses the importance of being critical against interview answers and that the context always should be kept in mind (2003:28). Accordingly, these aspects have been kept in mind. A further problem may be the risk that interviewees are 'political correct' in their answers (Naurin 2004:51). My impression, however, is that the interviewees were frank in their discussions. According to Jutterström, one way to create a better objectiveness is to regard the situation from different angles and with answers from different sources (Jutterström 2004:40). Thus my relatively wide range of interviews improves the validity.

1.3.3 Definitions

I will use the Commission's official classification for Small and Medium-sized Enterprises (SMEs). Companies classified as SMEs are defined as those with fewer than 250 employees and which are independent from larger companies. Furthermore, their annual turnover may not exceed €50 million, or their annual balance sheet total exceed €43million. (Commission 2007:7). The Commission makes additional distinctions between micro, small and medium-sized enterprises. A micro enterprise has 1-9 employed, a small enterprise has 10-49 employees, and the medium-sized enterprise has 50-249 employees (Eurostat 2008).

SME interests refers partly to issues of specific concerns for SMEs, such as cutting administrative burdens and EU funding, and partly to taking SME concerns into account in all business questions, especially in relation to large enterprises.

2 Participation and Patterns of SME Interest Representation

Examining the participation patterns of SMEs and their Interest Associations enable us to better understand the possibility and constraints of SME interests representation in the different levels of the EU policy-process. To start with some of the theoretical assumption will be discussed more in details.

2.1 Organisational Features Affecting SME Interests Representation

There are two kinds of Business Interest Associations (BIAs) that represent SMEs; Horizontal Cross-constituency Associations, and Sectoral Business Associations. Horizontal BIAs represents all kinds of SMEs, and Sectoral BIAs represent a particular business sector with a high degree of SME constituency. When the Commission discuss SME issues with SME interest representatives, it is the Horizontal Organisations that are invited (Brussel IP 16). These Horizontal Organisations are preferred by the Commission due to their position to cope with the convergence across different policy sectors, which increase the number of actors whose interests might be affected by certain policy decisions (Knill 2001:239).

Organisations that manage to be multilevel players, i.e. active and present at different levels throughout the EU policy cycle, are supposed to be the most successful (Eising 2004:24). The European SME Federations (association of associations) can be said to be multilevel actors through the work done at national level by National Associations. EU SME Federations keep contacts with the EU institutions and concentrate mainly on the agenda-setting and policy formulation. Hence these Organisations are specialised in representing SME interests at the EU level during the early stage of the policymaking process. The National Associations on the other hand concentrate either on the national level or act as multilevel players themselves. All Swedish SME Associations, except FöretagarFörbundet, have combined different strategies of direct or indirect national and EU representation and they are in contact with both EU and national institutions. One half of the Swedish Associations representing SME Interests also has own offices in Brussels (Sweden IP 8, 10, 15, 26). This

could indicate that they manage to act as multilevel actors. These Swedish Associations have also contacts with both DG Enterprise and Industry (DG ENTER), and with the Swedish Ministry for Enterprises (Brussels IP 16, Sweden IP 6). However, one problem to become a multilevel actor is the issue of financial resources (Eising 2004:118). Financial resources for lobbying in Brussels also seemed to be somewhat problematic for Swedish SME Associations (Sweden IP 11, 34, 28) and could thereby limit the multilevel possibilities. Another restriction that makes it hard for SME Associations to act as fully multileveled actors is that SME Federations are the official representatives of the European SME Interests within the policy process in Brussels. The Swedish Associations possibility to work independently is therefore limited. Hence the cooperation between the Federation and its member Associations is crucial for SME Interests to be represented multileveled.

Heterogeneity and slow decision-making is said to be particularly problematic for organisations since institutions demand for homogenous preferences to regard the Organisation as legitimate (Jutterström 2004:59). Jutterström also demonstrates that if heterogeneous opinions were exposed in public, the Federation loses influence and legitimacy. He further states that the Commission normally regards vague or general preferences as signs of heterogeneity (2004:159-62). Both European Federations and Swedish Associations affirm that national differences exist within the SME Federations (Brussels IP 7, 17, 22, Sweden IP 8, 15). EUROCHAMBRES stated that they always try to come up with a common opinion since their position otherwise will not be as powerful. In rare cases some countries may exempt themselves from the position, yet normally an agreement is reached through internal negotiations since everybody recognize the importance of a common position (Brussels IP 17). UEAPME affirms that it is 'huge work' to come up with a common position since different topics are important in different countries (Brussels IP 7). EUROCHAMBRES has one additional difficulty concerning homogeneity since some countries requires membership in Chambers of Commerce and some not. This was seen as problematic by two Chambers (Sweden IP 11, 15) and positive by one, since this wide constituency made EUROCHAMBRES forceful enough to be influential (Sweden IP 8).

Additionally the time consuming effort to create homogeneity makes it difficult for Federations to influence early in the decision-making process (Jutterström 2004:170). Timing was said to be important but other features such as, personal contacts, broad lobbying and being a Social Partner were argued to be the most important (Brussels IP 7, 13, 17, 22). This might implicate that the Commission and the European Parliament (EP) working with SME issues have comprehension for this Federation characteristics, since all stakeholders meet the same organisational problem. Hence early consensus could be less important for SME Federations since SMEs do not by-pass their organisations (compared to large enterprises). However, one official working at the Swedish Institute for Growth Policy Studies (ITPS)

stressed that the Commission is most receptive for ideas during the starting-up phases and that that is the time when an organisation most easily can influence (Brussels IP 9).

2.2 Direct representation

Direct representation means that an enterprise lobbies by itself towards EU and national institutions. It is, of course, concerning the direct representation that the organisational patterns differ the most between SMEs and large enterprises. SMEs lack the financial possibility to act alone, and even if they did each SME's share of the market would additionally be too small for its problems to be taken into account by political actors (Kohler-Koch 1997:58). Since large enterprises have more resources they can also more easily be multilevel actors (Einge 2004:24). This is because large firms can, if considered more efficient, interact with each other or the European administration directly, rather than through their associations (Knill 2001:239, see also Jutterström above). Large enterprises can therefore allocate their resources among different channels of influence and achieve a 'privileged position' in the policy-process (Young 2005:110), in a way that SMEs cannot. This privileged position could have consequences on the SME interests since some of the interviewees stated that large firms often have different interests than SMEs (e.g. the Internal Market). This contrarily to the SME organisations believe that 'enterprises are enterprises no matter the size' (Brussels IP 7, Sweden IP 21). Besides, large enterprises are said to be more interested in influencing the policy-process than SMEs (Sweden 19).

2.2.1 The Enterprise Europe Network

The Commission has the policy to consult stakeholders (Commission 2005:16), and there is direct consultation between SMEs and the Commission. This is mainly conducted through the Commission's website¹ and through the new Enterprise Europe Network (EEN). This Network is a fusion of two previous Networks under the Commission, The Euro Info Centre (EIC) and the Innovation Relay Centre (IRC). The intention with this fusion is to gather information about the EU and technical knowledge under the same roof, hence create a 'no-wrong-door' concept for SMEs.

The EEN is mainly service oriented and its main concern is to be a service provider rather than a policy provider, although the EEN is intended

¹ DG ENTER, 2008.05-19: ec.europa.eu/enterprise/adm-burdens-reductions

to act as a two-way street between SMEs and EU decision-makers to encourage enterprises to interact with policy-makers at EU level (Commission 2008). The policy part is restricted to distributing consultation forms from the Commissions to the SME members in the Network. This direct SME consultation seems somewhat problematic given that one of the EEN representatives stated that “the EU forms are horrifying”, with too complicated texts for the SMEs. The EEN Organisation thus normally rewrites the forms to make them more comprehensible (Sweden IP 3). Still, if this EEN Organisation calls the enterprises, they normally answer the forms (ibid). Hence, there is some direct contact between the Commission and the SMEs. Also, a majority of the former EIC representatives consider the Commission to be keen to listen to the SMEs (Sweden IP 1, 3, 19). Yet, one representative held that the SMEs were often disappointed with the response from the Commission (Sweden IP 21). However, this method can be seen as important since all stakeholders, and not only the organised ones, have a possibility to give feedback to the Commission. Yet, if the forms are complicated it is less probable that there is a high degree of SME participation. At least since the big majority of the interviewed also stated that SMEs have too much with their every-day work to focus upon EU related issues (Sweden IP 1, 3, 10, 12, 19, 21).

The EEN is considered as an important tool to promote SME Interests according to both the Commission and the EP, and both institutions have been involved from the beginning (Jones 2008:10). Greenwood argues that there is a trend for some parts of the Commission to by-pass Associations and Federations in favour of direct contact with entrepreneurs (2003:111). The EEN initiative could be analysed from this logic, and one reason could be the will from the Commission to prioritise issues and promote initiatives that they have chosen. One of the EEN representatives also underlined that the task is to work with the local SMEs, not to lobby in Brussels (Sweden IP 1). A Swedish civil servant at the Ministry of Enterprise held that due to the fact that the EEN is not a lobby organisation there will be no competition with traditional SME lobbying Associations (Sweden IP 6). However, since the EEN can be seemed as way to overstep the SME organisations it has also received criticism. All large SME Federations welcome the initiative for its service dimension (PRR 2008:9, Eurochambres 2008b, Brussels IP22) but many representatives, both national and at the EU level, emphasise that the ‘wrong’ organisations are involved (Brussels IP 7, Sweden IP 15, 24). According to UEAPME mainly public organisations are chosen in order to reduce the administrative burden for the Commission. The interviewee would instead have liked to see SME Interests Associations (Brussels IP 7).

2.3 Indirect representation

2.3.1 National SME Associations

While the analysis of EU level Interest Organisations has received a fair amount of attention (e.g. Greenwood, Aspinwall, Richardson) there is a lack of studies on the consequences for National Associations (Eising 2004:211).

There are often great variations among National Associations within a particular field (Greenwood 2003:21), and the SME Associations are no exceptions. Most Associations in this survey represent both small, medium and large enterprises (e.g. Svenskt Näringsliv, Chambers of Commerce) although they have a substantial SME constituency. Svenskt Näringsliv additionally has a special SME section, both in Brussels and in Sweden. Företagarna and FöretagarFörbundet represent only SMEs, although FöretagarFörbundet mainly focus upon Micro-enterprises.

I cannot tell if there is some competition between the Swedish SME BIAs, because it was not strongly reflected in my interviews. One representative for Företagarna stressed, however, that their main allies during their time in Brussels were SME representatives within the UEAPME ‘family’ or other nationalities’ SME BIAs (Sweden IP 24). This could indicate some rivalry, or at least less cooperation between Swedish SME BIAs. It could also be that even the ‘pure’ SME BIAs agree with the Chambers of Commerce representative who stressed that they “more often puts on the SME glasses than the large firm glasses” (Sweden IP 8).

Instead one national problem mentioned by many of the representatives was the lack of accurate EU knowledge related to SMEs in Sweden, both in the national institutions and within the enterprises (Sweden IP 2, 5, 8, 11, 15, 28, Brussels IP 27). Due to the lack of EU knowledge and time constrains the SMEs are said to only react late in the implementation phase of a policy. One of the interviewee explains this owing to the fact that results of EU legislation will be felt years after the legislative discussions. This makes the immediate effects of missed opportunities negligible, whereas the long-term consequences may be considerable (Brussels IP 29). Two Chambers of Commerce representatives even desired more business commitment related EU issues to influence their work (Sweden IP 2, 11). However, Företagarna stresses that SMEs should not be regarded as uninterested of the EU just because they are uninterested by its structure (Sweden IP 24). This differing opinion may indicate that the membership incentives differ between the different Swedish BIAs.

2.3.2 European Horizontal SME Federations

To overcome the problem of heterogeneous preferences SME Federations and their member Associations have an intense and large amount of contacts (Brussels IP 7, 17, Sweden IP 8, 23, 26). Even though the EU Federations stress the hard work to come up with a common position (Brussels IP 7, 17) the Swedish associations seem pleased with their possibility to influence (Sweden IP 8, 23, 26).

BUSINESSEUROPE (former UNICE) and EUROCHAMBRES are two big Federations that seek to defend the broad interests of the entire constituency of European businesses across the board of everyday public affairs. These Federations have a substantial SME constituency, even though the European Association of Craft, Small and Medium-sized Enterprises (UEAPME) can be said to be the leading SME Federation since it is the only one with solely SME constituency. These Federations have different strengths and weaknesses. BUSINESSEUROPE is the largest EU employer organisation, which makes it influential. It has a special SME section but the many different priorities make the SME focus less strong. The UEAPME can be regarded more cohesive since no member enterprises have the resources to by-pass it. EUROCHAMBRES claims itself to be the sole European body that serves the interests of every sector of European business (Eurochambres 2007:5). It is probably also the most fragmented of the three due to the national legal differences concerning membership in Chambers of Commerce.

Only BUSINESSEUROPE and UEAPME are incorporated under the EU Treaties into EU decision-making through their role as a designated 'Social Partner' in the Social Dialogue (Article 139(1) EC Treaty). This institutionalised role in the policy-making process, provided since the 1992 Treaty on European Union, has helped to maintain their status at the centre of EU Business Interest representation. The UEAPME became a social partner in 1999, which can be seen as an indication for the increased awareness of SME interests since until then BUSINESSEUROPE was the only federation representing employers in the social dialogue. UEAPME also highly estimate the importance of being a Social Partner as it "opens doors since the commission is obligated to take you into considerations" (Brussels IP 7). EUROCHAMBRES claims that the Social partner issue is a bit delicate and stresses that even if they are not officially a Social Partner they are a 'special' Social Partner. The representative additionally emphasized their personal contact with representatives for EU institutional (Brussels IP 17). However, in their position paper from 2007 EUROCHAMBRES stresses that all stakeholders should be contacted before initiating any significant new main piece of legislation and that this should not be restricted to the Social Partners, "as is too often the case in relation to policy areas beyond the Social Dialogue process" (Eurochambres 2007). Nevertheless, non of the SME Federations is entrusted with the task of acting as Official Observatory in The Observatory of European SMEs,

which was established by the Commission in 1992 in order to improve the monitoring of economic performance of SMEs in Europe. This function was instead undertaken by EIM, a consultancy network in the Netherlands², until 2004.

From the above observations and through the interviews there seems to be some kind of rivalry between the different federations concerning the extent to which they represent SMEs and how the definition for SMEs should be defined. *BUSINESSEUROPE* wants different innovation and R&D programmes to also enable companies just outgrown the SME definition (2008:7). *EUROCHAMBRES* acknowledge that the definition of SMEs does not seem to be suitable for some EU countries (2008:2). Additionally, *UEAPME* stresses that *BUSINESSEUROPE* claims to represent SMEs, although ‘everybody knows that they mainly speak for large enterprises’ (Brussels IP 7). *BUSINESSEUROPE* on the other hand says that a majority of their member enterprises are SMEs (Brussels IP 14). *EUROCHAMBRES* stresses that the rivalry normally is not a problem but that some kind of competition exists when their positions differ. The interviewee emphasizes their different member constituencies as the reason to why their interests sometimes differ (Brussels IP 17). This competition between different BIAs, was confirmed by a Swedish official who previously worked in Brussels, that stressed how BIAs sometimes check on each other rather than focus on their business interests (Sweden IP 5). Young argues that this competition even can undermine the ‘privileged position of business’ in the policy process (2005:106).

2.3.3 European Sector Federations

Additionally are SME interests represented through Sector Organisations. All these organisations represent both large firms and SMEs, but SME issues are highly prioritised in some of these organisations due to the large extent of SMEs in the sector. Two of the Federations with the highest degree of SME constituency are EuroCommerce and FIEC (la Fédération de l’Industrie Européenne de la Construction) (GITR 2008:145).

EuroCommerce is the Federation of the wholesale, retail, commerce and distribution sectors, with a membership constituency across the product chain, and with fluid sector definition boundaries. Hence, it contain a diversity of SME members whose shared features and interests are limited and may conflict (Svensk Handel is the Swedish member association). However, it is the FIEC that mainly points at different interests between different construction sections. FIEC also states that the diverging views and conflicting interests are mainly between various stages of the

² DG ENTER, 2008-05-17 http://ec.europa.eu/enterprise/enterprise_policy/analysis/observatory_en.htm

construction process rather than between the SMEs and non-SMEs of the same activity (Brussels IP 29).

When large enterprises associate they do it mainly in sector organisations (Greenwood 2003:11, Jutterström 2004:47). The Commission's main focus at Horizontal SME Organisations may therefore be problematical since many decisions are made by Branch-Organisations. This makes the institutional setting still dependent on expertise mainly from big enterprises. The opinion about the need for special SME sector treatment differ somewhat between the two organisations. FIEC stresses that some 97 percent of all firms in the construction industry are SMEs and that makes the large firms almost irrelevant in that industry (Brussels IP 29). EuroCommers, on the other hand, underlined that the possibilities for SMEs and their representatives to participate in the decision-making processes could be further extended. Moreover, participation of SME representatives in the different Regulatory Committees and Expert Groups of the Commission could guarantee the consideration of SME aspects into specific legislative proposals from the very start, and thus improve their practicability for SMEs (Brussels IP 22). Overall EuroCommerce seems to take a much broader position concerning SMEs than FIEC, and stresses a close cooperation with other European SME Federations to form alliances on important SMEs topics (ibid).

3 Access and Contact Patterns with Institutions

To understand how SME interests are represented at the EU level it is important to study the interaction between the SME Organisations and institutions at both national and European level. Furthermore it is important to examine the impact given to SME.

3.1 Framing SME Interests in the EU

To get access to institutions and actors in the policy-process the interest must have legitimacy for its ideas. The theory (see section 1.2.2) emphasised that an interest may be more successful, if it succeed to frame its interests in an inclusive way and if it can strengthen the European integration. Hence agenda-setting is not just about having an issue considered actively by the policy-makers, it is also about how that issue will be defined once it made it into the agenda (Peters 2001:86). It could therefore be of interest to study how important SME issues are regarded and how these interests are framed in the EU policy debate and processes. Framing will in this sense refer to the creation of a frame around an image of reality. This image involves problems, solutions, and actions within a policy domain (Nylander 2000:749).

The EU agenda has historically been driven by a search for economic prosperity and global competitiveness (Greenwood 2003:74). The Lisbon Strategy 2000 also aimed to create jobs and growths in order to make the EU the most dynamic, knowledge-based, and competitive economy in the world by 2010. According to Howarth the revised strategy in 2005 gave primacy to competitiveness and job creation. The concept of competitiveness that became embedded in the EU institutions was defining competitiveness by the minimization of regulatory burden on industry, one of the main concerns of SMEs (2007:91). Both the Austrian and the Finnish Council presidencies in 2006 had competitiveness as their main priority. The Austrian presidency focused upon competitiveness especially in the terms of the need of SMEs (ibid p93). This focus upon competitiveness through SMEs can be traced to changes in the global economy, which enables the large, global enterprises to increasingly locate their industries outside of the EU (Spero, Hart 2003:127). Hence, focusing upon SMEs could be seen as successful problem solving to the problems of ‘industrial

tourisms' (when industries move their production to a low-wages country) (Sweden IP 3) as well as increase the degree of reliable tax-payers. The SMEs interests are therefore framed as "the backbone of the European economy, and the most important creators of new jobs and economic growth" (Commission 2007:5).

The growing concern from European leaders that the general citizen feels left out of the integration process made the Commission consider some interests more appropriate to boost than others (Young 1997:207). The Commission has consequently promoted organisations of the least represented social interests in order to achieve more balanced participation (Kohler-Koch 1997:53). Hence through the SMEs the Commission can promote growth and jobs in the EU simultaneously as it promotes a weak and social stakeholder (i.e. the small enterprise) instead of the large multinational enterprise.

3.1.1 Institutional Barriers

There seem to be a general concern about SME issues. Still, the SME Interest Associations and Federations are not satisfied. UEAPME states that "better regulation" tops the list of the most frequent buzzwords in Brussels (UEAPME 2008b). Additionally BUSINESSEUROPE states that much more needs to be done for the European SMEs (Businessseurope 2008:1), and EUROCHAMBRES says that it is time to go from "think small first" to "act small first" (Brussels IP 17). Although it might be in their interest to complain, in order to further strengthen their interests and organisational power, there might be some features that complicate the realisation of wide representation of SME interests in the EU settings.

First of all, some of the most important EU tools for businesses in Europe, such as the Single European Market (SEM) and the Competition Policies, were created with large enterprises in mind (Young 2005:111). Furthermore, ITPS claims that it is a widely held opinion that the creation of the SEM tends to favour big businesses (itps 2007:25). The SME Associations, Federations and the Commission also highlight the problem for SMEs to benefit from the Internal Market. UEAPME says that "it goes without saying that the Internal Market is not a reality yet for SMEs" (2007:8). One Swedish SME representative even claims that the Internal Market "only exists in theory but not in reality" and that large enterprises have the resources to overcome trade barriers but not SMEs (Sweden IP 8). The UEAPME representative stresses that legislation is still made from big organisations and enterprises points of view of. The interviewee believes that this is due to that most officials who create legislations are from big administrations or employees in big enterprises (Brussels IP 7). The civil servant at DG ENTER confirmed that there is much focus upon big firms and that the EU in the beginning was for large enterprises. The interviewee

however stresses that they are changing the focus by small steps (Brussels IP 16).

Wilks argues that competition policy has a special place in the European policy environment because it defends the essential mobilising principle of the EU, the collective interest in economic efficiency secured through the creation of a common market (2005:136). Wilks further adds that there is a tension between competition policy and company support, such as policies to encourage SMEs, since competition policies were mainly created to reduce problems with monopolies and state aid (ibid p137). However, exceptions from competition policies are made for SMEs. There is for example a transport subsidy that compensates exporting Swedish SMEs for the transport down to Gävle (Sweden IP 12). However, UEAPME stresses that they do not want exceptions for SMEs. Instead the legislations should be made for SMEs, since they are the majority (Brussels IP 7).

One reason why the SMEs are still exceptions is that only 8 percent of the SMEs are involved in export (UEAPME 2007:7). One Commission civil servant working with consumer safety stresses that they take SMEs into concerns when regulating consumer goods (Brussels IP 14). Yet one can imagine these concerns to be less influential if the large enterprises are pleased. Additionally, 90 percent of all SMEs are actually micro-enterprises, with in average five workers. These micro-enterprises account for 53 percent of all jobs in Europe, so they are of great importance to the European economy. However, large enterprises are the main employer, when separating micro, small and medium-sized enterprises, with a 32,9 percent share (Eurostat 31/2008). One can therefore argue that there are still incentives for politicians and officials to take great considerations about large firms when creating European economic policies. Hence there are still 'practical barriers', such as institutional factors and SME economical importance (Nylander 2000:53) for SME interests.

3.2 SME Interest Representation in the Policy-Process and Access to Policymakers at EU Level

The fragmented nature of the EU policy-making structures implies that different institutions or part of institutions take the lead over different types of policies. The Commission has however an important role and power in that it formulates policy proposals (Nylander 2000:13).

Also the EP has for a very long time attracted a great deal of lobbying activities, and the SME Organisations are no exceptions. The contacts between the SME organisations and the Members of the EP (MEP) are managed through meetings and personal contacts (Brussels IP17, Sweden IP24, 26). The personal relations with MEPs and their assistants are said to be important, as well as the contact with Rapporteurs and the responsible

for SME issues in different political parties (Sweden IP 24). There is additionally a Small and Medium-Sized Enterprise Intergroup in the EP and the MEP are recognised to be interested in the points of views of local national enterprises (Brussels IP27).

3.2.1 The Commission

The issue boundaries of the Directorate-General (DG) are not always clearly defined, and many significant issues may logically fall into more than one DG (Peters 2001:82). This was, according to one of the interviewee, problematic since SME issues involve questions related to many different areas, such as the Internal Market, employment, and education (Sweden IP24). Nylander argues that there is a privileged Single European Market DG block (e.g. DG Internal Market, Competition and Enterprise), since this block comprises a group of DGs aiming at the common goal of the completion of the Internal Market (2000:165). This could strengthen large enterprises compared to the SMEs since they are the main player at the Internal Market. On the other hand it signifies that this privileged block handles SME issues. However, that policies can be initiated within a large amount of DGs tend to benefit resourceful interest groups according to Nylander (2000:38).

The interviewees stated that DG ENTER is powerful (Brussels IP 9, 17, 22, 27). DG ENTER is additionally said to be more powerful under the current Commissioner Vice-president Verheugen than before (Brussels IP 17, 27, Sweden IP 24). Verheugen is said to be an influential Commissioner, "someone the other old fellows listen to"³ (Brussels IP27, Sweden IP 1). Verheugen additionally took over some of the sections of DG Internal Market (DG MARKT) when he started at DG ENTER, and he is assumed to have a personal interest in simplifying administrative burdens for SMEs (Brussels IP 9). However, DG MARKT is also said to be very important since it manages the technical rules for the Internal Market (Brussels IP 9, 22, 27). Young argues that Commission departments with functional mandates, as opposed to sectoral, tend to be more independent from industrial interests (1997:208). This could imply that DG MARKT is more dependent on enterprises since they work more with concrete matters and DG ENTER more with policies (Brussels IP 9). This could signify a less powerful position for SMEs compared to sectoral businesses within the Commission. However, one of the officials at DG ENTER considers SME questions to be prioritised within the entire Commission (Brussels IP 16).

Although the Commission might not see different prioritises between the DGs concerning SMEs, it recognises that large enterprises may have a

³ "En gubbe de andra gubbarna lyssnar på"

better position than SMEs in the policy-making process since they can act more quickly⁴. In recognising these problems, the Commission has set up a specific SME Envoy to take SMEs interests more fully into account in policy-making. The SME Envoy has been appointed to act as an interface between SMEs and the EU institutions and to highlight SME concerns in European policy and law-making process at an early stage (COM(2007) 592:11). UEAPME considers that the SME Envoy significantly has increased the commitment of the Commission towards SMEs. However, to improve its functioning they stress that a SME correspondents should be appointed in all different DGs to report and inform the SME-Envoy in DG ENTER (UEAPME 2007:3).

There seem to be established working relations between DG ENTER and the SME federations, something that makes these federations into 'included groups' according to Nylander (2000:178). All SME federations emphasise a close relation to the Commission, and the official at DG ENTER said that they have very regular meeting with the federations and that "we know each other well by now" (Brussels IP16). However, not all were pleased with the results from the cooperation. The Commission is said to consult stakeholders and organisations to a large degree, but that "the results from the consultation is more doubtful" (Sweden IP15). However, the Commission replies that consultations should not be purely formal but rather be part of a political process (Commission 2006). Still UEAPME considers the last consultation concerning the SBA useless. "If the Commission does not know about the problems for SME by now, they will never know. What have they been doing these last years then?" (Brussels IP 7).

3.3 SME Interest Representation in the Policy-Process and Access to Policymakers at National Level

To be successfully represented in the EU multilevel system an interest must achieve a prioritised position both at regional, national and supranational level. Jutterström emphasises the creation of favourable opinion of the interests at the national level as an important complement for lobbying at the EU level (2004:210). One of the SME representatives goes even further and stresses that "contrarily to what many people believe, EU policies are not decided in Brussels, but by national members. You can influence the policy but it is your government that will take the decision" (Brussels IP 7).

⁴ DG ENTER, 2008-05-22: http://ec.europa.eu/enterprise/sme/envoy_en.htm

3.3.1 SME Considerations in the Member States

The Commission does not have full competence in SME issues. Françoise Le Bail, the EU's special SME Envoy, therefore stresses that not everything can be done from Brussels, and that the Commission need and expect the support from the Member States (MS) (Jones 2008:5).

The Swedish official at the Ministry for Enterprises emphasizes that there is a consensus in the EU about the importance of SMEs, but that there are some differences between the MS of how SMEs should best be supported (Sweden IP6). The civil servant at DG ENTER considers it to be more or less consensus between the MS. There is an agreement between the MS to work for SMEs, but differences exist in how the MS regard entrepreneurship. "Although entrepreneurship is higher on the agenda today there is still some countries, such as UK, which have come very far and some that are lagging behind" (Brussels IP16).

One reason mentioned for the national differences was conflicting legislations. EuroCommerce stresses that Nordic countries tend to be ahead on a number of topics, particularly in social and environmental legislation. These countries do therefore not really push for EU legislations that could water down already implemented rules (Brussels IP22). Another reason mentioned is the MS size. Jorgo Chatzimarkakis, Rapporteur for the CIP, stresses that Germany, France and the UK are not giving adequate support to the European SME commitment since they have large national markets (Jones 2008:11). However, the MS also cooperate concerning SEM issues and 8 percent of the resources of the cohesion policy strategies and programmes for 2007-2013 have been earmarked to increase small businesses in Europe, although it was after tough negotiations (Commission IP/08/744).

3.3.2 Access and Contacts with National Institutions

Approximately 80 percent of all Council decisions are settled at the COREPER level. These National Permanent Representatives Committee officials are therefore subject to contacts from private and public interests (Greenwood 2003:41).

Associations can therefore partly influence indirectly through these Permanent Representation officials, and partly through influencing the national politic and officials at national Ministries. These actors have the possibility to participate in decision-making phases closed for private interests. Additionally, these actors often lack the technical knowledge needed and therefore often use the business sector's preferences as their preferences (Jutterström 2004:209). However, the use of national Ministries in lobbying differs at EU level, depending on the national focus upon the interest and if it is in line with the national politics (Kautto 2007:88, Jutterström 2004:100).

There seem to be contacts concerning SME interests at the national level. The official at the Swedish Ministry for Enterprises states that they held hearings with the Swedish SME Associations before the EU SBA process (Sweden IP6).

There is also contact between Swedish SME Associations and the Swedish Permanent Representation (Sweden IP 30). However, one of the officials at the Swedish Permanent Representation working with the EU Structural Funds, emphasised that no Swedish BIAs were contacting them before the negotiations. The interviewee added that the Swedish SME Associations not seem to be interested in these questions and that they normally do not participate even when the Permanent Representation invites them (Brussel IP18). It could be that these Associations have to concentrate their resources and therefore focus upon topics and officials with more direct SME policy-questions. However, the Structural Funds remain the largest Community funding instruments benefiting SMEs (COM(2007)592:4), Swedish SME Organisations also highlight the SMEs interest for EU funding (Sweden IP 2, 3, 10, 12, 15). Still, the organisations mentioning EU funding were the ones in the EEN. Something that could indicate that the 'dividing' of the SME Interest representation between mainly service oriented and policy oriented Interests Representation could be somewhat troublesome.

4 SME Interest Representation in Expert Groups

EU is a technocracy and a significant resource dependency has emerged in the EU policy process between EU officials and lobbyists due to regulatory needs, expertise, information and reputation (Coen 2007:334). Consequently, expert groups of different kinds are empowered to define the framework within which a policy issue will be dealt with, to make proposals and suggest solutions. Larsson moreover claims that it is commonly accepted that the 'real decision' is often made in the early stages of the Expert Groups' decision-making process (2003:4). Hence it is interesting to study access and SME interest representation in Expert Groups.

4.1 SME Interests Represented in Expert Groups

4.1.1 The Importance of Knowledge

Due to the lack of sufficient resources and expert knowledge the Commission often relies on the expert knowledge from different BIAs to write proposal drafts (Jutterström 2004:102). Information can therefore be viewed as the 'access good' that is crucial in the EU policymaking process. In order to gain access to a EU institution, business interests have to provide the 'access good' (i.e. information) demanded by that institution (Bouwen 2002:366). Actors with special knowledge therefore seldom meet access obstacles (Jutterström 2004:215). Under these circumstances one particular type of interest constituency can prevail if they have the knowledge needed (Greenwood 2003:274). Furthermore, broadly based Interest Organisations are assumed to find it difficult to cope with this system because they cannot be as closely linked to issue-specific groups such as Sectoral Interests (Kohler-Koch 1997:48). This could have further implications for SME interests since the interest with the most effective coordination structures often have a first move advantage to set the scene for decisions (Knill 2001:240). Hence one can assume Sectoral Organisations, or single enterprises, to have advantages over Horizontal SME Federations.

4.2 SME Interest Representation in Expert Groups

Expert Groups are primarily operating in the EU public-policy domains. By using Expert Groups, the Commission is able to obtain knowledge, expertise and information, and thereby potentially improve the quality of its decisions and reduce uncertainty. The participants in these groups bring relevant topics to the discussions, indicate potential risks, and sometimes suggest modes for easing transposition and implementation (Gronitzka, Sverdrup 2007:4). Hence Expert Groups make the Commission save time and resources since the legislation is already in line with the industry's interests (Kautto 2007:90). Cawson therefore argues that policies in many sectors often are written by experts from one of the big firms, or at least written with the considerations of the likely effects of policy on such a company (1997:198). However, Expert Groups do not formally make political decisions but only feed the decision-making processes.

Experts Groups are typically involved in policy areas where legal competence is shared between the European and national level of governance. And the density of organized Expert Groups is highest in the policy areas where administrative and policymaking capacities are combined in the Commission (Gronitzka, Sverdrup 2007:26). The Commission Expert Groups can roughly be divided into two types, Regulatory - and Consultative Committees. The Regulatory Committees consist of national officials and typically sector experts and specialists and the Consultative Committees consist of representatives of category interests (Nylander 2000:56). Hence broad interests are more represented in Consultative Committees. Furthermore, there is an important distinction between Expert Groups working in areas where the Commission has legislative power, compared with those working in areas where the Community lacks legislative power. This since advising in policy areas where the prime competence is in the member states makes the group's policy impact less far-reaching (ALTER-EU 2008:9, Larsson 2003:66). In Larsson's study one of the interviewee states that there are differences between the two kinds of Expert Groups since "an Expert Group is only an Expert Group when it is working on draft legislation, and WES (Women entrepreneurship) is more of an information network" (2003:66).

The SME Federations are represented in a wide range of the Commission's Expert Groups. UEAPME is for example represented in more than 50 Expert Groups (Brussels IP7) and FIEC participates in every Commission Expert Group dealing with construction matters (Brussels IP29). However, both EuroCommerce and EUROCHAMBRES stress that participation in the decision-making process could be extended further. They argue that participation of SME representatives in the different Regulatory Committees and Working Groups of the Commission could

guarantee the consideration for SME aspects into specific legislative proposals from the very start in order to improve their practicability for SMEs (Brussels IP22, Eurochambers 2008:6).

ATER-EU's study on expert groups advising on policy areas, in which EU competence is particularly important (such as enterprise, agriculture, research, internal market, competition and environment), shows that SME interests are mainly represented in these groups where the Community lacks legislative power (Brussels IP 25).⁵ UEAPME is a member of the '*Expert Group to Accompany the Study on How to Establish a Helpdesk to Support SMEs to Fulfil their Duties under REACH (SHERPER)*' (ibid). The SHERPER project was initiated by the Commission to provide a platform for MS to discuss ideas and good approaches on how to set up national helpdesks, and the group generated ideas and opinions on practical options for helpdesks (SHERPER 2007:6). UEAPME, BUSINESSEUROPE and EUROCHAMBERS are members of the Expert Group '*Mainstreaming CSR among SMEs*' (Brussels IP 25), which is a project aiming to assist organisations and persons that wish to support the uptake of corporate social responsibilities among SMEs.⁶ EuroCommerce is a member of two groups '*EU Platform for Action on Diet, Physical Activity and Health*' and '*High Level Group on Textile and Clothing*' (ibid). The first group aims to be a forum for actors at the European level that engage in concrete actions to reverse the current negative health trend.⁷ The second group has a mandate to formulate recommendations on concrete proposals and measures to improve the conditions for the competitiveness of the European textiles and clothing industry. The group should reach a consensus on an integrated set of initiatives that could be undertaken at the EU level and should suggest actions to be undertaken by the Commission and industry itself.⁸

These results show that the SME interests are mostly represented in consultative groups without legislative power. However, the latest group seems to be the one out of the four where the group's propositions could have the most far-reaching effect over Community policies. SME Interests also seem to be represented in the group, both through additional representatives - since two of the members representing the industry represent SMEs⁹, and

⁵ However, the membership lists for 10 Expert groups are missing, since the document requests were made by other ALTER-EU partner. However the interviewee did not believe that there were any SME representatives due to the subjects of the Expert Groups: 1) Globally harmonised system of classification & labeling of chemicals, 2) Medical devices and pharmaceuticals, 3) European Security Advisory Board, 4) Flavourings, 5) technical expert group on new & existing substances, 6) European technology platform on nanomedicine, 7) SANCO stakeholder involvement peer review, 8) Import Export de certaines substances chimiques dangereuses. The interviewee thought that there might be a possible membership in 9) advisory group on energy. 10) informing consumer behaviour

⁶ 2008-05-23: http://ec.europa.eu/enterprise/csr/ms_sme_index.htm

⁷ 2008-05-23: http://ec.europa.eu/health/ph_determinants/life_style/nutrition/platform/platform_en.htm

⁸ 2008-05-23: http://ec.europa.eu/enterprise/textile/high_level_group.htm

⁹ 2008-05-23: http://ec.europa.eu/enterprise/textile/high_level_group.htm

through action propositions concerning SMEs in their 2004 Annual Report. It can therefore be argued that SME Interests are probably best represented through sector organisations in Expert Groups. However, since practical issues are mentioned as important for SMEs, the other groups represent SME interests as well. Still, their propositions are just consultative - not binding.

5 Conclusions

The intention of this thesis was to examine how the interests of SMEs are represented in the multileveled EU policy-process. I further aimed to discuss the implications of the empirical results upon the possibility for SME interests to influence this policy-process.

The results show that SMEs are represented by both private and public national associations and by horizontal and sectoral federations. These Swedish Associations are represented at both national and European level, but it is the Horizontal Federations that are seen as the 'official' SME organisations by the Commission. That the Commission makes a distinction between horizontal and sectoral federations is one important problem for SME Interests representation since many parts of the policy-process is designed for sectoral interests. The wide constituency in Horizontal Federations gives SME interests legitimacy in general business strategies but simultaneously weaken representation in specific sector policies, since only sector federations are represented in particular industry policymaking. EuroCommerce was the only federation who mentioned cooperation between the different kinds of SME federations, this could indicate a low degree of cooperation between horizontal and sectoral SME federations. Without collaboration between general and sectoral federations the SME influence will probably be less far-reaching. Hence, cooperation between horizontal and sectoral organisations could strengthen the SME representation in the dual EU policymaking structure.

Other organisational problems for SME representation are heterogeneous preferences within the federations due to national differences, a division between service- and policy representation and competition between different federations. The rivalry between different European federations could harm the possibility to work united for the interest of SMEs and thereby weakening the possibility for SME interests to be influential in the policy-process. The wide range of enterprise constituency is probably also affecting the SME interest representation. The definition of SME is wide due to the big difference between a Micro-Enterprise and a Medium-sized Enterprise. As such it is not strange that the interests differ between the federations, even though it makes the SME interests weaker than when they cooperate. The wide quantity of enterprises is on the one hand the strengths of SME interests representation, simultaneously as the heterogeneous constituency requires more general statements and thus less institutional legitimacy.

SME interests seem to be considered as important by both European and national institutions. As such SME interests can prevail in general

policymaking due to their importance for the European competitiveness, its wide constituency and since its interests can be related to the European integration. However, institutional barriers exist since institutional arrangements were formed for large enterprises, and because SMEs still use the internal Market to a less extent than large enterprises.

SME organisations are represented in all levels of the EU policy-process and SME interests have access to both national and supranational institutions. Both UEAPME and BUSINESSEUROPE are Social Partners and all groups have regular contacts with the Commission. Hence the Horizontal SME Federations can be seen as an ‘included group’ in DG ENTER, which additionally is seen as a powerful part of the Commission. However, the distinction between more widely policy-concentrated DGs and more regulative DGs affects SME interests negatively since SME interests are less represented in the more regulative body.

The Swedish Associations are represented in both Sweden and Brussels and the Swedish officials seem interested in promoting SME interests in the EU policy-process. However, the Permanent Representation venue seemed to be the least successful. Financial restrictions were mentioned by the Swedish SME Associations as a restriction, and this could also be important in this particular case since the Structural Funds could be seen as only an indirectly SMEs issue. Funding is however an important issue for Swedish SMEs. Hence if this was unfamiliar for the Swedish Associations the arrangement with separated lobbying organisations and EU service-providers may be problematic.

SMEs interests are also represented directly in the crucial agenda-setting phase in Expert Groups. However, the results demonstrate that SME federations are mostly represented in Consultative Committees. The horizontal characteristics of SME representation means that SME interests have limited access to the regulative parts of the policy-process. However, the Sectoral SME Federations seemed to have better access to the Regulative Committees.

Concisely, SME interests are represented in multiple venues in the EU policy-process, and can especially influence general business policymaking issues. However, the dual policy-system makes the horizontal SME representation less influential in sectoral policies. The horizontal SME representation is found mainly in Consultative Committees and not in Regulatory Committees. The Sectoral SME Federations are more suitable in Expert Groups but are simultaneously not ‘included’ SME Federations within DG ENTER. A close cooperation between different types of SME federations would probably strengthen the now somewhat fragmented SME representation in EU policymaking.

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Expert Groups

SHERPER:

http://ec.europa.eu/enterprise/csr/ms_sme_index.htm

EU Platform for Action on Diet, Physical Activity and Health:

http://ec.europa.eu/health/ph_determinants/life_style/nutrition/platform/platform_en.htm

High Level Group on Textile and Clothing:

http://ec.europa.eu/enterprise/textile/high_level_group.htm

http://ec.europa.eu/enterprise/textile/high_level_group.htm

Appendix 1 Interview Persons

Swedish Representatives, Date of Interview

1. ALMI Kronoborg (EEN)	2008-04-15
2. Wermland Chamber of Commerce	2008-04-17
3. Business Region Göteborg (EEN)	2008-04-17
4. Acreo AB (EEN)	2008-04-18
5. Nutek (EEN)	2008-04-18
6. Ministry for Enterprises	2008-04-21
8. Stockholm Chamber of Commerce	2008-04-22
10. Ivf (EEN)	2008-04-24
11. West Sweden Chamber of Commerce	2008-04-24
12. ALMI Östersund (EEN)	2008-04-25
15. Southern Sweden Chamber of Commerce	2008-05-02

Brussels Representatives, Date of Interview

7. UEAPME	2008-04-22
9. ITPS	2008-04-24
13. BUSINESSEUROPE	2008-04-25
14. DG ENTER	2008-04-29
16. DG ENTER	2008-05-06
17. EUROCHAMBRES	2008-05-19

Swedish Representatives, Date of Correspondence

19. ALMI Härnösand (EEN)	2008-04-15
20. Nutek (EEN)	2008-04-15
21. Enterprise Europe Network Skåne (EEN)	2008-04-16
23. Företagarna	2008-04-21
24. Företagarna	2008-04-22
26. Svenskt Näringsliv	2008-04-24
28. FöretagarFörbundet	2008-05-05
30. Stockholm Chamber of Commerce	2008-04-18

Brussels Representatives, Date of Correspondence

18. Swedish Permanent Representation	2008-04-09
22. EuroCommerce	2008-04-18
25. Corporate Europe	2008-04-23
27. Kreab	2008-04-25
29. FIEC	2008-05-13