



# SME YOUTH ESSAY COMPETITION 2019

*Second Phase*

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- What concrete measure or initiative would you propose to apply the  
"Think Small First Principle" to? And why?

I have always been a firm believer of the principal that a multidimensional problem requires a combination of various recommendations and solutions in order to be resolved. Only a well-structured, thoroughly analyzed and comprehensive set of solutions will be able to attack the problematic areas and conclude with a positive outcome. Just like a human organism that is suffering from an illness, not allowing it to perform properly, needs not one medication but a combination of them in order to get better and heal, in the same manner the issue of the underperformance of European SMEs must be treated.

Therefore, this is the combination of measures that, I believe, should be taken in order to effectively improve the financial well-being of the European SMEs and support their business operations through concrete actions.

Firstly, regarding the issue of the burdensome administrative and legislative duties that SMEs face at the beginning period of their business ventures. In many cases, aspiring entrepreneurs who plan to found small businesses in particular, do not have the same financial ability and workforce capacity that large companies and corporations have in order to pass this first wave of obstacles. That's why the 'General Block Exemption Regulation on state aids', introduced by the European Small Business Act, should be used to its full extent and capacity, as it will directly alleviate the negative effects that these complicated and costly bureaucratic procedures have on the entrepreneurs' ventures. Moreover, through this policy specific funds will be made available to small businesses which can be used for different purposes and projects. By offering this assistance to SMEs, **parity** is achieved among SMEs and large companies.

Secondly, the implementation of the measure related to the reduction of the VAT rates on SMEs' products and services. How could the products and services of a small or medium-sized enterprise compete successfully in the same market with the respective products/services of a large company, while having the obligation to apply the same amount of VAT rates? Subsequently, how can the SMEs grow, scale up, offer more employment opportunities and assist in the overall economic growth of the EU? Only through providing them with the necessary financial aid to do so. In this case through the VAT rates reduction, **A market economy can be successful only when there is competition**. And for competition to exist and function properly, the different business actors of the market must be given an equal chance to compete and use their full potential. After all, one of the key messages and objectives set by the new European Commission President Ursula Von der Leyen, is "...equal opportunities for all".

I believe that the "Think Small First Principle" should be applied to these areas, as they are the most vital factors that affect determinately the success rate of the European SMEs. By implementing these two measures not only the financial survival of SMEs is guaranteed, but their eventual growth as well.