



**Speech of Ambassador Angelina Eichhorst, Head of the Delegation of the
European Union to Lebanon**

**SME Policy Index – the Mediterranean Middle East and North Africa 2014
– Implementation of the "Small Business Act" for European**

8 October 2014, Crown Plaza Hotel (Beirut)

CHECK AGAINST DELIVERY

Your Excellency Minister of Industry Hussein Hajj Hassan,

Excellencies,

Colleagues from the EU Member States, the European Commission, OECD, ETF,
EIB and GIZ,

Ladies and Gentlemen,

Small and medium-sized enterprises are the backbone of most economies. Contrary to public perception, it is not large multinational enterprises - sometimes over-represented in the media - that drive a national economy. It is the SMEs with their often talented, inspired and creative entrepreneurs in the driver's seat that make the economy flourish. This is no news to you as Lebanon has had a rich history of successful entrepreneurship with smaller firms succeeding in often difficult political and regulatory environments.

In the European Union, we have 23 million SMEs that are the lifeblood of the Member States' economies, accounting for over 98% of businesses. They provide two thirds of the employment in the private sector and around 80% of new jobs. In Lebanon, estimates quoted by OECD are similar with between 90-95% of enterprises being SMEs consisting of 1 to 40 employees. These explicit figures should make it very clear that we all need to "think big for small businesses".

SMEs are indeed at the heart of EU policies. Over the past decade, the European Union has increasingly cooperated with our southern Mediterranean neighbours in this area. The adoption of the Euro-Mediterranean Charter for Enterprise in 2004 for example has been a milestone in shaping SME policies and promoting businesses. However, creating more and better jobs is only possible with sustained economic growth, driven by a dynamic private sector.

We need to make sure that SMEs' executives are able to overcome the many challenges they face, such as: simplifying administrative procedures, improving access to finance, stimulating innovation, facilitating internationalisation, developing skills, supporting entrepreneurship with special attention to younger generations, and last but not least balancing growth and environmental concerns.

There are many obstacles facing the development of SMEs in Lebanon. In fact, the assessment for Lebanon, which we will discuss today, will provide important recommendations that need to be closely looked at and followed up on. This assessment is based on the documents designed to assist the SMEs to function better such as the Euro-Mediterranean Charter for Enterprise and the Small Business Act for Europe.

The European Union has been supporting the private sector in Lebanon as an engine for growth and job creation. Since 2003, more than €70 million have been spent to enhance the capacity of SMEs, to boost the private sector and improve the business environment.

We fund incubators such as Berytech, BIAT, SouthBic or the Beirut Creative Cluster, support the improvement of quality, innovation and competitiveness of enterprises, create financing mechanisms for SMEs, help modernise the National Quality Infrastructure and different public institutions.

There is a high potential in Lebanon and we witness on the daily basis the resilience and vitality of Lebanese entrepreneurs. The process we are engaged in together is an important one and will nourish our shared ambition: to create a Euro-Mediterranean zone where businesses can be easily and effectively established, develop, import, export, invest, build partnerships and create jobs in optimal conditions for the benefit of all people.

Thank you, Minister of Industry Hussein Hajj Hassan for hosting us and our colleagues from abroad. I wish you fruitful workshop discussions and useful results.

Thank you