Financing EU SMEs' trade and investment: facilitated access to credit in support of internationalisation

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The Committee on International Trade adopted the own-initiative report by Jan ZAHRADIL (ECR, CZ) on financing EU EMEs' trade and investment: facilitated access to credit in support of internationalisation.

Members call on the Commission and, where appropriate, Member States to foster **the participation of SMEs, and where relevant micro-enterprises**, in global markets by implementing appropriate measures for their internationalisation:

- **easier access to capital and regularly updated information** on business opportunities abroad, and
- **efficient trade defence instruments** (TDIs) aimed at ensuring their rightful protection against unfair dumping and subsidies in order to safeguard fair competition with third countries.

Access to information: the report underlines the need to improve enterprise-level data collection in order to raise awareness of the needs of micro, small and medium-sized enterprises (MSMEs), share best practice and provide them with better targeted support at both national and EU level.

Members insist on the need:

- first of all, for a mapping exercise to identify existing and missing support programmes and to encourage Member States' authorities to create **similar single online databases** of national and regional sources of finance;
- to **evaluate the available market for growing internationalisation** and further promote SME development within the internal market;
- **to create a network**, as part of a digital platform, bringing together national SME helpdesks, chambers of commerce, Export Credit Agencies (ECAs), business associations and the Commission, in order to provide enterprises in the EU, especially exporters and importers, with precise, timely and reader-friendly information on a one-stop-shop basis, so that they can fully benefit from the Union's new common commercial policy.

Access to capital: the report stresses that recurrent difficulties in accessing capital are one of the key reasons preventing SMEs' internationalisation; calls on the national governments to support SMEs by means of **officially supported export credits**, without distorting intra-EU competition, and also to earmark **sufficient funding** for SMEs (e.g. special loans, cofinancing and venture capital), so as to help overcome disinvestment and deleveraging by banks.

Such funding should be provided to SMEs that are already exporting and which can present a viable business plan for improving or consolidating their existing market share and creating jobs, especially for young people.

The report makes the following suggestions:

- help SMEs by exploring the possibility of creating, among other things, **investment funds for SMEs** in which any European citizen could invest savings;

- define a **holistic strategy for trade finance**, aimed at fostering internationalisation of SMEs, is urgently needed. There is therefore a need to identify promising niche markets and foster their development;
- study the **European business angel market** and similar markets worldwide in order to learn from and build up the capacity of business angel network managers in the EU;
- establish an **EU export-import facility** (EU EXIM) for SMEs which would provide them with additional support via export credit organisations and based on best national practices;
- introduce regulatory and legislative measures to **improve SMEs' access to guarantees**, as for example, i) reducing barriers to property registration (e.g. by establishing credit bureaux); ii) lowering enforcement costs for lenders and raising the overall quality of financial information concerning SMEs, in order to enhance their creditworthiness in the eyes of lenders;
- provide SMEs with **financial and technical assistance** focused on market research, project and export finance advice, legal counselling (e.g. on escape clauses or penalties for late payment or default), customs and tax obligations, the fight against counterfeiting, and company presentations at trade fairs and business networking events;
- focus on closing the credit gap for **micro-enterprises**;
- increased **public-private partnerships** in the provision of seed money and venture capital to MSMEs in the EU.

The report formulates a certain number of recommendations regarding practical actions, such as :

- the Member States to adopt **single enterprise helpdesks** at the local level, run in cooperation with EU businesses, so that SMEs can receive information, in their own language and for immediate use, regarding export/import opportunities, existing barriers to trade (both tariffs and NTBs), investment protection, dispute settlement provisions and competitors, and gain a knowledge and understanding of cultural and human practices in third markets;
- a **network to be set up between SMEs and large European companies** to enable SMEs to reap the benefits of these companies' expertise and export and innovation capacities;
- foster **cooperation between European SMEs and third-country enterprises**.

The Commission and the Member States are invited to: i) promote **exchanges** between the heads of EU and third-country SMEs along the lines of the 'Erasmus for Young Entrepreneurs' programme; ii) make European SMEs more aware of **trade agreements** that are being negotiated and international investment opportunities open to SMEs; iii) involve SMEs in the establishment of international **standards** (e.g. ISO); iv) improve the defence of **intellectual property rights** in all relevant multilateral organisations (WTO, World Health Organisation, World Intellectual Property Organisation).

Lastly, the report calls for the Union to develop an **ambitious common industrial policy** based on fostering research and innovation that benefits from innovative financing arrangements, such as **project bonds**, and supports the development of SMEs, via access to public procurement.