A new strategy for European SMEs

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The Committee on Industry, Research and Energy adopted the own-initiative report by Paolo BORCHIA (IDG, IT) on a new strategy for European SMEs.

The 24 million SMEs in the EU-27 are the backbone of the economy and, before the pandemic, they generated more than half of the EU's GDP while employing about 100 million workers. 98.9 % of enterprises in the EU's non-financial business economy are small enterprises with fewer than 49 workers. However, the economic crisis and the grim economic outlook triggered by the pandemic have brought a considerable and indeterminate number of SMEs and start-ups to the verge of insolvency.

Structural challenges prior to the COVID-19 crisis

Although Members welcomed the Commission's SME strategy published in March 2020, they stressed the need for it to be updated in the light of the COVID-19 crisis while keeping the focus on advancing the transition toward a socially, economically and environmentally resilient society and a competitive economy. The SME strategy should be aligned with the industrial strategy, the European data strategy and the European Green Deal.

The report called for further measures to improve the business environment, such as:

- the adoption of an SME action plan with clear objectives, milestones and timeline, accompanied by regular monitoring, reporting and evaluations;

- ambitious and binding quantitative and qualitative targets at EU level for the reduction of administrative burdens to be set as soon as possible after conducting an impact assessment and in any case no later than June 2021, and in advance of the Commission communication;

- improved regulatory alignment to be accompanied by smart digitalisation, increased user-friendliness, more streamlined procedures and more secure and private data procedures;

- more targeted national and EU-level technical and administrative assistance, exchange of best practice and training opportunities for SMEs;

- the creation of a single digital entry point for all enquiries on EU financing opportunities for SMEs and ensure that EU support schemes, including those addressing the COVID-19 aftermath, contain a strong SME component;

- a revived implementation of the small business act (SBA);

- support to a dedicated EU SME envoy to bring more visibility to SMEs' concerns;

- customised EU funding to attract more participation from non-digital, high-tech and innovative SMEs;

- full and fair access to bank loans for SMEs;

New challenges arising from the COVID-19 pandemic

Recalling that liquidity must be swiftly provided to SMEs, the committee urged Member States and the Commission to address the problem of late payments, which continue to create significant liquidity challenges for SMEs. It urged Member States that still have not done so to implement the Late Payment Directive, in particular regarding public administrations and to business-to-business relations.

Members recognised the need for a temporary relaxation of State aid rules and an acknowledgement that they have led to the uneven implementation of measures across the EU. The Commission and the Council are called on to take swift action to ensure a competitive level playing field among Member States.

Members expressed deep concern that sectors such as tourism, hospitality, culture, the creative industries, transport, trade fairs and events, which are largely composed of SMEs, have been hit hardest by the COVID-19 crisis. They stressed the importance of continuous, swift measures aimed at restoring and retaining trust among travellers and operators.

They also regretted that only 17 % of SMEs have so far successfully integrated digital technology into their businesses. They called for the action aimed at tackling skills mismatches and shortages to be strengthened and at equipping SMEs with digital literacy and skills, as well as improving skills in relation to public procurement and financial education, in addition to credit and supply chain management skills for rapidly changing labour markets, also in the light of the acceleration induced by the COVID-19 crisis.

Lastly, Members called for the adoption of a parallel and stronger policy to improve internet infrastructure and connectivity conditions to the benefit of SMEs in remote areas, as a basic condition to improve digitalisation and embrace an effective transformation.