

# A new strategy for European SMEs

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The European Parliament adopted by 533 votes to 58, with 82 abstentions, a resolution 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.

According to Members, SMEs should be at the centre of the European Green Deal and digital strategy, and be properly supported by tailored financial instruments and an SME-friendly legislative environment in order to be enabled to play an important role in the growth of the European economy.

## ***Structural challenges prior to the COVID-19 crisis***

Parliament stressed the need for the SME strategy 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 resolution 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;
- measures to promote a more favourable environment for business creation and to strengthen entrepreneurship;
- the setting of ambitious and binding quantitative and qualitative EU-wide targets for the reduction of administrative burdens by June 2021 at the latest;
- 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;
- a binding test that is able to assess, with regard to SMEs, the costs and benefits of legislative proposals, including their economic impact and their impact on SME employees;
- 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***

Parliament urged Member States and the Commission to address the problem of late payments, which continue to create significant liquidity challenges for SMEs and strengthen monitoring and enforcement of the Late Payment Directive.

Deeply concerned by the fact 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, Members 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.

In addition, Members called for increasing the proportion of graduates in science, technology, engineering and mathematics (STEM) and closing the gap that women face in these fields.

## ***Recovery strategy***

While regretting that the recovery strategy gives little support to SMEs, Parliament insisted that a substantial part of the resources of the Horizon Europe programme should be made available to SMEs. It called on the Commission and Member States to:

- invest in the data economy, artificial intelligence, smart production, the Internet of Things and quantum computing and ensure a strong SME component in these fields;
- adopt a favourable regulatory framework and technical and financial support mechanisms, including through private investment, so as to enable SMEs to adopt environmentally friendly practices, products, processes and services effectively and rapidly;
- prioritise the announced intellectual property action plan to strengthen the capacity of European enterprises, especially SMEs, to innovate.

Parliament called on the Commission to put in place a level playing field and a regulatory environment in which SMEs can compete globally, as well as tools such as a single digital entry point to easily identify opportunities for SMEs in international trade agreements.