European observatory for SMEs. 2nd annual report 1994

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Adopting the report by M. MURPHY (PSE, UK), the European Parliament welcomed the publication of the 2nd report of the European Observatory for SMEs but regretted that it could not be used as a starting point for drawing up an integrated programme for the benefit of SMEs and craft industries. This report should be seen as a working document which clarified some of the problems faced by SMEs: - structure: there is a marked difference between micro-enterprises and small enterprises and between micro-enterprises and medium-sized enterprises, with micro-enterprises creating most jobs; - the internal market: SMEs still play a limited role in the internal market as they tend to have local and regional rather than national or international markets. In addition, they complain of serious obstacles to their operation (taxation, customs procedures, late payments etc.); - employment: only 5 to 6% of SMEs want to expand and the number of bankruptcies has risen, a bad sign for job creation; - capital and funding: SMEs are desperately short of venture capital and equity capital. In addition, the cash flow problems often caused by overly heavy taxation and excessively late payments result in a large number of bankruptcies; - new technologies: SMEs often lag behind large companies in compiling information on new standards and taking part in European research programmes; - regional disparities: there are still serious disparities, mainly due to cultural and linguistic differences; - policy on SMEs: the integrated programme for SMEs should take account of their management capacities and modernisation. In the light of this report, the European Parliament specifically called on the Commission to: - introduce a directive on late payments; - eliminate the obstacles which still prevent SMEs from operating on the internal market; - propose a series of measures for the benefit of this sector, mainly by opening export credit guarantees to SMEs, increasing skill levels in SMEs, promoting exchanges etc. It also called on the Council to examine the circumstances in which SMEs are forced to close down, especially as the result of highly inflexible legislation introduced by national governments.