Small and medium-sized enterprises SME in the developing countries

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The committee adopted the own-initiative report by Jürgen SCHRÖDER (EPP-ED, DE) on small and medium-sized enterprises in the developing countries. The report began by pointing out that there is no generally accepted definition of SMEs in developing countries and that the SME sector is a highly mixed group of enterprises operating under a range of market conditions. MEPs felt that all existing definitions of SMEs, including micro-enterprises, should be harmonised, at least on a regional basis and that the number of employees was the best criterion for defining an SME. They recommended the following definitions for regions in which developing countries constitute a majority: a 'micro enterprise' employs up to 5 people, a 'small enterprise' employs between 6 and 25 people, and a 'medium-sized enterprise' employs between 26 and 100 people.

The committee noted that in developing countries SMEs are mostly family-based undertakings, originating in an environment where cultures and traditions still play a fundamental role. A "careful and sensible" policy approach was therefore needed when planning new laws or forms of organisation. The report also recognised the "paramount role" played by women in all development-related areas and called for special attention to be paid to women enterprise projects.

MEPs stressed the need to generate a business climate for SMEs to flourish in, and made a number of recommendations, including: special support for the creation of networks of enterprises at local and regional level; facilitating this process by funding pools of services such as legal advice, accountancy, training, education and use of information technologies; transforming many SME jobs from unskilled to skilled, seasonal to fulltime, temporary to permanent, through proactive national policies and programmes; measures in the field of education and training, the provision of communication and information infrastructure, and easy access to raw materials and to local and regional markets; providing seed capital for the creation and development of SMEs and facilitating access to credit; and giving tax incentives to SMES, especially in their start-up phase.

The report also stressed the role which cooperatives could play in sustaining local communities and said that they could act as a vehicle to formalise informal activities, "as they are closer than other forms of legal organisation to traditional associative practices in many rural and urban communities". Lastly, the committee called for the progressive introduction of the concept of corporate social responsibility in SMEs from developing countries and asked the Commission to encourage this in its dealings with countries which are signatories to the Cotonou Agreement.