

**A strong voice
for European SMEs
of all kinds**

2022/2024

A person wearing a light green button-down shirt and a tan belt is standing in a warehouse or shipping area. They are using a black handheld barcode scanner on a cardboard box. In the foreground, there is a roll of clear packing tape on a dispenser and a small cardboard box tied with a red ribbon. The background is filled with more cardboard boxes and shipping materials.

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Domagoj I. Milosevic

Vice-President of SME Europe

We need to make Small and Medium Enterprises (SMEs) active players in healthy economies and to strengthen their roles in industrial and internationalization policies. These goals can only be achieved through smart and better regulations for SMEs, strong regional coordination, and policies aimed at enhancing SME competitiveness through innovation.

PRECONDITIONS

The COVID-19 pandemic, the challenging and fast changing supply chains, the more opposing situations on a number of global issues and human rights between the EU, US and other allies vs. China are opening doors for the new EU industrial policy particularly for SMEs. There is an obvious need and opportunity for European SMEs to create new jobs and new businesses to secure faster and safer supplies in number of sectors.

Considering the labour power shortage, especially in case of SMEs, there is an increased need for coordinated action at the European level, which should involve European Commission, large European companies, European financial institutions, and of course national governments.

- 1 Concrete measures to assist SMEs, smart and better regulations for SMEs by cutting European level and national level red tapes, by legally binding all levels of administration to appoint administrative bodies in this regard. Ideally every national government would appoint ministerial or state secretary level officials for SMEs and round them up on the European level to coordinate with the European Commission and other stakeholders
- 2 Allocating precise amounts of EU funds at the national and EU level for SMEs competitiveness, through non-refundable funds and other kinds of funds to be made available for Innovation and Investment and Research & Development without having to compete with corporations, their subsidiaries, and/or big enterprises. A large portion of these funds should be directed towards automatization, robotization, digitalization and green transition, only for European SMEs.

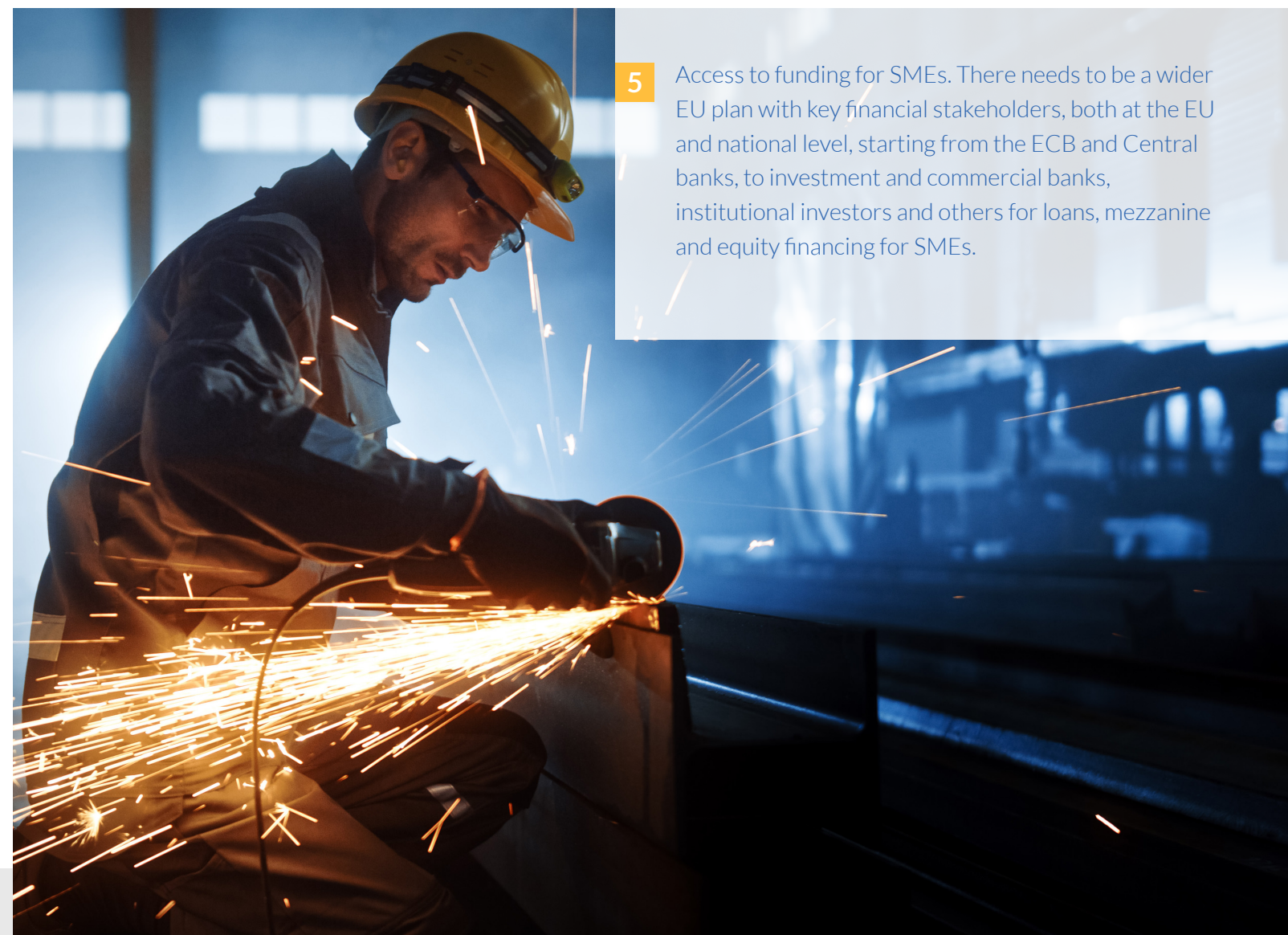


All these proposals and actions share a single goal: to ensure SME competitiveness and level the playing field with global corporations, big enterprises, and Chinese and other developing countries competition.

Competitiveness of SMEs is crucial for the sustainable and long-term competitiveness of EU economy and its businesses. We need to grasp these opportunities and solidify global positions today.

- 3 European taxation for businesses needs not only to ensure the big industry regularly pays its corporate taxes but also that SMEs are not in unfavourable tax position when compared with the global corporations. This should be equally valid regardless of industry, not only upheld in digital and technology sectors. We fully support the idea of global minimum tax but what needs to follow is clear commitment and recommendations to national governments to reconsider tax rates for SMEs. Certain Member States have done it already and this marks a step toward in the right direction.
- 4 A labour power shortage strategy that addresses both education and skills issues, and external and internal migration challenges. Open discussion with national governments on labour shortages, creating short-, mid- and long-term plans and solutions is needed.

- 5 Access to funding for SMEs. There needs to be a wider EU plan with key financial stakeholders, both at the EU and national level, starting from the ECB and Central banks, to investment and commercial banks, institutional investors and others for loans, mezzanine and equity financing for SMEs.





Angelika Winzig MEP

Vice-President of SME Europe

Putting technology at the heart of the European future means empowering Industry and European SMEs on a European scale, to solve global challenges and take chances for sustainable growth.

We must make the EU attractive to entrepreneurs, researchers, and inventors alike. Innovation needs to be the driving force that propels the EU into a prosperous future. Therefore, we must work on a framework that allows for just that, [innovation](#). That means easier access to finance, fewer bureaucratic hurdles, better handling of failure and less stigmatisation as well as more investments in infrastructure and higher education.

In order to truly foster an innovative entrepreneurial ecosystem, it is necessary to promote and strengthen cooperation across borders. Although there are dedicated EU funds already in place, often companies are not aware of their existence. SMEs especially have a hard time accessing these funds. Applications for these funds need to be easier and business owners should receive more support. Furthermore, it is crucial to establish on simpler and shorter administrative procedures for businesses across borders.

At the same time, we need to build centres that serve as spaces for professionals from different backgrounds (creative industries, sciences, engineering, administration, etc.) to come together, share ideas, and work on common projects. This way synergies can be developed and leveraged, and new ideas can become a reality. These centres can become a nurturing environment for start-ups, offering guidance from professionals and advise along the way. Once a start-up has reached certain key figures, it can make room for the next one. Alongside supporting start-ups on their journey to success, it is also crucial to find incentives to make them stay in Europe. Therefore, we must continue working on a business-friendly environment that rewards innovation, cuts down on red tape, and helps companies realise their full potentials.

BECAUSE OF THE LACK OF FINANCING OPPORTUNITIES, MANY YOUNG BUSINESSES DECIDE TO TRY THEIR LUCK OUTSIDE THE EUROPEAN UNION. TO AVOID THIS BRAIN DRAIN IN THE FUTURE, IT IS CRUCIAL TO FACILITATE ACCESS TO FINANCING, INCLUDING ALTERNATIVE FINANCING, TO PROVIDE YOUNG ENTREPRENEURS WITH PROSPECTS.



Eva Maydell MEP

Vice-President of SME Europe

Internet and digital technologies are revolutionising the way we work. Going digital has become a 'must', even for the smallest of SMEs. To compete in the global market, SMEs must embark on a digital transformation journey, which will help them enhance their operational efficiency, lower their costs, and improve access to new markets.

1 Enhancing connectivity

There is a need for investment to roll-out 5G and fast broadband connectivity effectively. Equally important is financial support for SMEs to take up latest forms of connectivity. EPP Group in the European Parliament, in the ITRE Committee supported [a voucher scheme for SMEs](#) to replace old or outdated equipment and upgrade skills of labour force. There should also be tax incentives for SMEs to digitalise.

2 Data sharing & artificial intelligence

For the data economy to take off, strong policies and initiatives on data labelling, data curation, and data security are needed. We must strengthen the EU's own fields of [AI leadership](#). We have a great academic base, we are strong in AI-led robotics, we have knowledge on how to introduce AI into SMEs and industry. There has to be a distinct focus on data-light, transparent and safe AI in Europe.

3 Cybersecurity

This is a common goal – for big and for small countries, for big and for small businesses. It is not a question about whether a company or institution will be hacked; the question is about how prepared they will be are when it happens. It is striking that [2/5 of EU users have experienced security-related problems and 1/8 of businesses have been affected by cyberattacks](#). Therefore, it is key to increase investment on software and secure devices. Equally important is to spend on cyber training and cyber because of the lack of financing.



Jörgen Warborn MEP

Vice-President of SME Europe

1 Data and electronic trade

Due to legal requirements, trade still relies on a lot of paper documents. This is a costly and inefficient solution, as well as a risk during global crises. We need to work toward the [use of electronic trade documents](#), which will increase efficiency, security, and reduce their environmental impact. Data must also be covered by the EU's free trade agreements.

2 Personal data

Businesses and researchers using personal data face legal uncertainties and it has a hampering effect on innovation. We need to increase legal certainty for stakeholders dependent on data usage for [pre-approved data usage procedures](#), as well as for pseudonymisation and anonymisation.

3 Reducing regulatory and administrative barriers

European companies operating in some third countries are increasingly faced with unjustified barriers and digital restrictions. We should instead embrace the potential to [facilitate data flows with strategically important third countries](#). Data localisation requirements should be avoided where appropriate, and efforts to conclude adequacy decisions with third countries must be accelerated.



Ivan Štefanec MEP

President of SME Europe

The Internal Market of the EU is a great success. Too many SMEs, however, are still struggling to fully take advantage of its benefits, as further work is needed to take down the existing trade barriers and faster adaptation to the business environment.

The Single Market represents the corner stone and the major success of the EU.

A fully functioning EU internal market is at the foundation of the success of all other EU policies. It represents one of our best tools to drive the transition to a circular economy. Mostly due to pandemic, however, the Single Market has been increasingly affected by a global rise of protectionism and distorted competition. Member States may be tempted to implement own legislation, which would lead to further market fragmentation, putting them at a disadvantage responding to global competition. It's important to adopt measures that aim to identify and eliminate any obstacles that prevent the realization of the internal market's full potential.

OUR RECOMMENDATIONS

- 1 Strict enforcement of existing law and [fight against national protectionism](#) must be underpinned by a strong commitment of EU institutions and Member States to ensure that the principles of the Single Market are implemented effectively, in all countries.
- 2 [One in, one out approach](#), SME-friendly legislation, impact assessment by SME-Test, should be taken into consideration during any new EU legislation process.
- 3 Integrating [the Digital Single Market](#) is one of the main opportunities and challenges ahead. We should cooperate with all EU Member States to make sure that Single Market rules are practical, properly implemented and enforced.
- 4 [DSA and DMA](#) regulation must define a new framework that will ensure a well-functioning digital market, while also protecting competition between businesses and bringing optimal benefits to consumers in line with minimising burdens.



Iuliu Winkler MEP

First Vice-President of SME Europe

The COVID-19 pandemic has brought both difficulties as well as opportunities for the EU's trade policy. To ensure a successful recovery, SMEs need to be supported to tap into the many opportunities of the EU's digital future.

The pandemic has brought many implications for the EU's trade policy, highlighting vulnerabilities and accelerating trends that were already present. It has catalysed the digitalisation of trade and boosted e-commerce, while also exacerbating global geo-economic competition. The EU has responded by reviewing its priorities and elaborating a more assertive, sustainable, and open trade policy.

The positive aspects include the codification of initiatives such as the [Access2Markets](#) or [Access2Procurement portals](#), which bring vital information for SMEs, aiding compliance and facilitating increased trade flows. We salute these initiatives and call for further such multilingual applications in the EU's smart and digital toolbox.

The effective implementation of FTAs remains a key preoccupation, as SMEs have generally shown lower Preference Utilisation Rates in tapping into the benefits of EU trade deals. We insist here on boosting multilingual communication campaigns in Member States, and closer cooperation between the Commission and national authorities in awareness-raising exercises. Importantly, export promotion entities should act in a more coordinated manner, working together with EU and national chambers of commerce abroad in facilitating market access and compliance for SMEs through digital tools, networking, and exchanges of best practices.

In order to facilitate the competitiveness of SMEs, the EU must moreover engage in ensuring a rules-based level playing field on the European and international markets. The EU's autonomous trade toolbox must be swiftly strengthened, with a key attention to micro-, small- and medium-sized enterprises. European decision-makers must ensure that no additional bureaucratic burdens are placed on SMEs, while boosting sources of possible funding, access to knowledge and technology transfers.



Jörgen Warborn MEP

Vice-President of SME Europe

The EU must remain a strong advocate of free and open global trade. An open, stable, fair, and predictable trade environment directly serves the EU's interests.

1 SME chapter

European SMEs request SME chapters and provisions in our trade agreements to facilitate access to all relevant information for all businesses in order to reap the full benefits of new market opportunities. Only 600 000 out of 25 million European SMEs export outside of EU. There is an untapped export potential in future FTAs. To facilitate this potential, the EU must provide [a roadmap for the development of SME chapters](#) to strengthen their dimension in future international trade agreements.

2 Eliminate over bureaucracy

The EU needs to continue working towards reaching the target of reducing regulatory burdens by 30% for SMEs. To prevent over-bureaucracy and reduce the regulatory burden to the absolute minimum, the EU needs [to consult and include SMEs in every legal aspect](#). In close dialogue with the Member States, we need to also strive towards the goal of dismantling the gold-plating of EU regulation. Overall, we need to make SME access to finance easier.

3 WTO e-commerce

We must continue the ambitious work on [WTO plurilateral agreement on e-commerce](#) rules and support making the WTO moratorium on electronic transmissions permanent. WTO e-commerce negotiations should also work towards facilitating the flow of data to promote trade. The Information Technology Agreement (ITA) promotes global manufacturing digitalisation and has positive trade effects of expanding geographical coverage to include more countries. We should increase the efforts of an ITA expansion and work to eliminate tariffs on trade of ICT products.



Iuliu Winkler MEP

First Vice-President of SME Europe

In the framework of the future relationship with the UK, EU priorities must include a close attention to SMEs and their competitiveness. Many SMEs have benefited from established supply chains that have previously operated unhindered between the UK and the EU. The new reality, coupled with the negative impact of the COVID-19 pandemic is pushing SMEs to reorganise entire supply chains and operations; adapting to this new environment will not come without challenges.

The task at hand is complicated by the implications of numerous changing legislative frameworks that apply to SMEs. Given that many of EU and British SMEs have previously limited their trade to the internal market, there is currently a serious lack of experience and expertise on how to deal with the requirements of extra-EU export-import activities. Due to limited financial and human resources to increase specialisation in this field, many of these requirements can end up representing a market entry barrier to SMEs, damaging their performance, profitability and thus their overall competitiveness.

Entrepreneurs have to deal with a plethora of new potential irritants. There are tariff requirements, exemptions, customs procedures, and transit arrangements that ought to be explained; there are specific labelling requirements for conformity-assessed products that require additional procedural steps; there is much confusion around workers mobility and personal qualifications needed for visas and work permits; and certainly, there are many additional costs linked to SME operability in the EU-UK commercial space.

It is for these reasons that we call for [transparent information- and awareness-raising campaigns about the new conditions in which SMEs have to operate](#). Multilingual online tools must be swiftly augmented, especially to aid those SMEs that do not have the necessary financial flexibility to turn to external consultants. A streamlined access to finance must compensate for the losses incurred by SMEs, ensuring that initiatives such as the '[SME Brexit Support Fund](#)' that UK SMEs can benefit from does not cause market distortions and does not damage the level playing field on which SMEs compete.



Pernille Weiss MEP

Board Member of SME Europe

SMEs play an active role in responding to growing consumer demand for more sustainably- sourced materials and products. Innovation instead of prohibition is the better solution. Climate and economy need to be promoted together.

Entrepreneurship and small-growth companies can and shall contribute to the green jobs of the future. Member states have begun to discuss effort sharing and climate tariffs, but in the day-to-day business of institutions, companies, and homes, the green solutions must be found by SMEs. As SMEs are the backbone of the European economy, we need to make the best conditions for our SMEs to drive the green transition.

Climate and economy go hand in hand. In 2030 and 2050 – when we are to evaluate the success of our initiatives – we should not only evaluate emission levels, but also assess if our initiatives have helped develop the European economy.

- 1 Innovation is a precondition for the development of sustainable solutions to make Europe fit for 55. Having the conditions for already existing innovative ideas to be shared cross borders isn't sufficient: we also need to invest more into Research and Development. [To develop innovative solutions, SMEs need investments, not further regulation.](#)
- 2 We need to provide incentives for entrepreneurial ideas to flourish in new start-ups and existing SMEs. One tool is to remove unnecessary burdens that divert time and focus away from the actual development of ideas.
- 3 Another key driver for the green transition is information- and knowledge-sharing between companies. Large companies and consumers increasingly demand knowledge about sustainability across the entire value chain, which also provides incentives for SMEs to become greener to stay competitive. SME Europe suggests [sector specific, cross border climate partnerships](#) as a way forward for European SMEs to share knowledge within their industries.



Claudia Monteiro de Aguiar MEP

Vice-President of SME Europe

In the last couple of years, legal requirements and required paperwork for the Travel and Tourism sector have grown dramatically. Small and medium sized companies cannot afford to invest that amount of time and money into back office and administration. While there are rational reasons for some of the new regulations, other laws have been designed and formed without keeping in mind the challenges SMEs face.

Travel and Tourism one of the most affected ecosystems by the COVID-19 pandemic. Before that, in 2019, this sector contributed 9.5% to EU GDP and accounted for 10.1% of the total labour force, which equates to some 38.5 MN jobs. According to the European Commission's Communication '[Europe's moment: Repair and Prepare for the Next Generation](#)', the sector requires €161 billion worth of investment to bounce back to pre-crisis levels.

To formulate effective tourism public policies, the European Union needs a comprehensive and holistic approach, involving the tourism stakeholders, as well as the destinations.

The importance of a specific budget line for tourism and a proper governance to implement strategic policy actions, including [the creation of a European Tourism Agency](#), is now more relevant than ever. Those actions are the fuel for triggering the recovery of the sector and the development of digital, smart, and sustainable EU Tourism policy.

OUR RECOMMENDATIONS

- 1 Drawing up a new [European Tourism Strategy](#), aligned with EU priorities.
- 2 Creation of a specific budget line for Tourism, reflecting both the importance of this ecosystem in the Union economy and its needs in the aftermath of the COVID-19 crisis.
- 3 Setting up a [European Agency for Tourism](#) to support SMEs, to increase their ability to access and utilise of EU funding, and other tourism entities with factual data and metrics, enabling them to devise informed strategies.



OUR RECOMMENDATIONS

- 4 Creation of a [European common data space for Tourism](#) to make data more widely available for use and ensure it is mainstreamed to stakeholders in the tourism ecosystem.
- 5 Implementation of metrics and methodologies as monitoring tools for a proper tracing of the tourism policies.
- 6 Reactivate the work of the ETIS system of indicators by equipping it with a permanent governance structure, aligned with the UNWTO Statistical Framework for Measuring the Sustainability of Tourism.
- 7 Creation of an [EU tourism academia](#), an online platform, for reskilling and upskilling tourism workforce.



Eva Maydell MEP

Vice-President of SME Europe

Entrepreneurial skills and mindsets can be acquired and further developed from primary school onwards until university and beyond. Therefore, a future-oriented European industrial policy in the Member States necessarily implied more efforts to increase the quality of schools, including greater vocational orientation.

The global pandemic urged an accelerated digitalization of SMEs and entrepreneurship. This great surge in integration of digital practices and tools, creative problem-solving, and social innovation is here to stay. However, as means of conducting business change, so does the demand for skills. According to the [OECD SME and Entrepreneurship Outlook 2021](#), SME teams and entrepreneurs need to be resilient, digitally fluent, and equipped with the expertise to conduct operations online securely.

LinkedIn Learning's 2021 annual Workplace Learning Report points out that the urgency for upskilling and reskilling among employers. At the current moment, this urgency cannot be fully met across Europe, resulting in a skills gap. Education and lifelong learning can aid its closure.

Digital and technology-based competences, interpersonal skills, and the ability to adopt new competences, as well as Entrepreneurship are all part of the European reference framework established with the [Council Recommendation on Key Competences for Lifelong Learning in 2018](#). To equip young people with the most in-demand skills needed to face these challenges, education systems should be supported to:

- 1 Implement project-based learning where students build problem-solving skills by tackling real-world issues.
- 2 Build programs for the creation of student companies so that students leave school prepared for the realities of starting a business.



- 3 Enter into partnerships with local SMEs for the creation of internships for students.
- 4 Prioritize STEM education.
- 5 Nurture supportive school communities where students can proactively seek to improve the school environment by starting their own initiative and getting others on board.
- 6 Augment vocational education curricula with a strong entrepreneurial core.





Claudia Monteiro de Aguiar MEP

Vice-President of SME Europe

- 1 Mapping the skills needed in different ecosystems presented by the European Commission's Communication [‘Europe’s moment: Repair and Prepare for the Next Generation’](#).
- 2 For each ecosystem, create partnerships with Academia and industry for project implementation.
- 3 Creating an innovative culture within the EU education system, where ideas become real businesses.



Pernille Weiss MEP

Board Member of SME Europe

Creative industries drive innovation, invention, and progress across Europe’s diverse cultural landscape and play an important role in shaping a shared sense of European identity, purpose, and values.

The European industrial strategy and policy depend in many aspects of the Creative and Cultural industries. It is a knowledge-intensive multidisciplinary field, based on individual creativity and talent. Moreover, cultural and creative sectors, especially through SMEs, generate considerable economic wealth, creating jobs, particularly for young people, while also strengthening social cohesion.

- 1 The Horizon Europe Cluster [‘Culture, Creativity and inclusive society’](#) must with its funding to e.g. new textiles contribute to more climate-friendly and sustainable products that meets the needs and tends for the future.
- 2 The coming [‘Cultural Heritage Cloud’](#) must improve innovation from the Creative and Cultural industries on horizontal ways to boost the business development in all possible sectors and industries through the digitalization of cultural heritage.
- 3 [Knowledge and Innovation Community \(KIC\) for the Culture and Creative Industry](#) must - as part of the European Institute for Innovation and Technology increase cooperation between institutes of higher education (e.g., universities, fashion schools, etc.), research organizations and the commercial industries in order to answer societal challenges with new innovative products and services.
- 4 The Commission initiative [‘New European Bauhaus’](#) must catalyse hidden opportunities for sustainable growth and stronger EU competitiveness.



LABOUR MARKET



Angelika Winzig MEP

Vice-President of SME Europe

Maintaining a level playing field in the Single Market is essential to SMEs. The European Labour Authority should support and ensure effective cooperation between Member States to tackle frauds and enforce penalties imposed abroad. The future of work is shaped by digitalisation and new forms of work. Both employers and workers ask for a new and innovative approach to flexicurity.

Flexibility and Performance are the key words when it comes to the labour market of the future. In order to attract workers, employers must provide flexible working arrangements where feasible, while at the same time workers must perform accordingly and show results to find and keep a suitable job. Work must be worthwhile. The pandemic has further accelerated this trend towards more flexibility and more demand for skilled employees. We must find ways to help companies adjust to new working realities and support employees by offering training and education.

The so called 'new way of work' calls for innovation and a tech revolution. The internet of things is also becoming increasingly relevant in the business sector. A tech revolution has already started and, in time, it will completely transform the way we work. Companies have started feeling its effects during the pandemic; many enterprises, especially SMEs, were not prepared or simply lacked the equipment or infrastructure for i.e. remote working. Here, the European Union must support companies to leverage new technologies for growth. It is necessary to raise awareness, provide training, share best practices, and provide funding to motivate companies to innovate. 'Smart working', meaning a 'model of work that uses new technologies and the development of existing technologies to improve both the performance and the satisfaction that is obtained from the job', is a term that is used more and more frequently. In order to facilitate it, companies need to be equipped with the right tools and knowledge.

With the increased use of technology and more flexible working arrangements also comes the need for clearly defined rules on European and national level.



Ivan Štefanec MEP

President of SME Europe

The economic and monetary union is still a work in progress. It is necessary to take a much more ambitious action in the context of EMU reform in order to achieve a more economically integrated, competitive and innovative European Union.

OUR COMMENTS

- 1** The COVID-19 pandemic has shown that monetary union is working well in the current setting. The instruments put in place by the ECB during the debt crisis (OMT - government bond guarantees; LTRO / TLTRO - providing long-term liquidity to troubled banks) were sufficient to cause no significant shocks to sovereign debt financing or to the banking sector. Given that helping troubled countries and banks is a sensitive issue, we consider the current situation to be more than satisfactory.
- 2** The Recovery and Resilience Facility has introduced the principle of 'money for reforms' and EU countries, especially those that are to receive more European funds, have agreed to it. It would be appropriate to introduce this principle into traditional European funds. This would mean that the introduction of a new budgetary mechanism – a rather politically sensitive matter – would not be necessary any longer.

OUR RECOMMENDATIONS

- 1** Create the conditions for the ECB to accept more loans (or loan packages) to small and medium-sized enterprises (mainly for investment purposes) as collateral for refinancing operations. This would also increase banks' willingness to lend to SMEs.
- 2** Make part of the European funds' payments conditional on reforms as a mechanism to support recovery and resilience, which would improve the competitiveness of the Union as a whole.
- 3** Redirect European funds from covering individual projects to alternative activities e.g. science, research, education that could be key to improve competitiveness in the long term.



