

## Challenges and opportunities for Europe's small transport firms

The projected growth in demand for transport will magnify the challenges – such as congestion, decarbonisation and the digital transition – faced by the EU transport sector. Small and medium-sized enterprises (SMEs) in this sector are confronted by these evolving trends but can also play a vital role in addressing them and building new business opportunities. The EP's Committee on Transport and Tourism has adopted an own-initiative report on new opportunities for small transport businesses, including collaborative business models, to be debated during the November plenary session.

### Background

SMEs are crucial for the EU economy in general – representing [99.8 %](#) of all undertakings outside the financial sector in 2014 – and have an equally important role to play for transport, representing about [55 %](#) of employment in the sector. In the coming decades, several [factors](#) are expected to [increase demand](#) for transport in the European Union (EU), and undoubtedly SMEs will play an ever-increasing role in meeting this demand. New technologies and business practices have caused upheaval for these businesses, but at the same time provided them with new opportunities. Two examples stand out: technological innovations – for example in the market for electric vehicles – and new collaborative business models in the EU.

These developments pose new [challenges for regulators](#) as they try to deal with potential negative effects, such as [opaque pricing](#) or problems with workers' rights. Dealing with these negative effects can in turn raise the [administrative burden](#), with a potential disproportionate cost for SMEs vis-à-vis large companies. The total cost of regulatory obstacles to all businesses using collaborative models, for example, was estimated at up to [€134 billion](#) in the medium to long term. However, several options could be imagined to uphold standards while lowering barriers, for example by making the categorisation of platforms for collaborative businesses clearer. The Commission is currently working on an [agenda for the collaborative economy](#) which would, among other things, deal with Member State exemptions to licensing requirements for the smallest businesses.

At the same time, these challenges open up opportunities, such as in the market for electric vehicles (EVs) which has created [new opportunities](#) for innovation by SMEs, as large companies call on their expertise in EV technology. The EU is supporting the development of transport SMEs through a range of programmes, notably through the executive agency for SMEs ([EASME](#)) and programmes such as [COSME](#) and the SME instrument within the [Horizon 2020](#) framework programme, thus [stimulating market access](#) for innovative SMEs.

### European Parliament

The EP Committee on Transport and Tourism (TRAN) has discussed opportunities for small transport businesses in Europe in an own-initiative [report](#) (rapporteur: Dominique Riquet, ALDE, France). The report pays attention to the potential disproportionate effect of regulation on SMEs and suggests the EU should try to remove the barriers SMEs face when applying for subsidies. It welcomes the new developments in the market as opportunities, and suggests promoting convergence between the traditional economy and new platforms, thus supporting innovation. The report also calls for a more supranational European approach towards collaborative business models and calls for action to complete the single European transport area. The report is based on consultation with stakeholders and was well received in the TRAN committee, with 42 votes in favour. It is due to be [voted](#) on during the November I plenary session. The Committee on Employment and Social Affairs' [opinion](#) (rapporteur: Elena Gentile, S&D, Italy) remarked, among other things, upon the need to pay attention to the effects of collaborative business models on employment conditions.

