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## TEXTS ADOPTED

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### **P8\_TA(2015)0198**

#### **Green growth opportunities for SMEs**

##### **European Parliament resolution of 19 May 2015 on green growth opportunities for SMEs (2014/2209(INI))**

*The European Parliament,*

- having regard to its resolution of 5 February 2013 on improving access to finance for SMEs<sup>1</sup>,
- having regard to its resolution of 15 January 2014 on reindustrialising Europe to promote competitiveness and sustainability<sup>2</sup>,
- having regard to its resolution of 27 November 2014 on the revision of the Commission's impact assessment guidelines and the role of the SME test<sup>3</sup>,
- having regard to the Commission Communication entitled 'Think Small First', A 'Small Business Act' for Europe (COM(2008)0394),
- having regard to the Commission Communication entitled Review of the 'Small Business Act' for Europe (COM(2011)0078),
- having regard to the Commission Communication entitled 'Resource Efficiency Opportunities in the Building Sector' (COM(2014)0445),
- having regard to the Eurobarometer Survey on SMEs, resource efficiency and green markets (Flash Eurobarometer 381), and the Eurobarometer Survey on the role of public support in the commercialisation of innovations (Flash Eurobarometer 394),
- having regard to the Committee of the Regions opinion (adopted during the 109th plenary session of 3-4 December 2014) on the Industrial Policy Package,
- having regard to the Commission Communication entitled 'Green Action Plan For SMEs' (COM(2014)0440),

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<sup>1</sup> Texts adopted, P7\_TA(2013)0036.

<sup>2</sup> Texts adopted, P7\_TA(2014)0032.

<sup>3</sup> Texts adopted, P8\_TA(2014)0069.

- having regard to the European Resource Efficiency Platform Manifesto and Policy Recommendations – March 2014,
  - having regard to the Commission Communication entitled ‘Towards a circular economy: a zero waste programme for Europe’ (COM(2014)0398),
  - having regard to the Commission Communication entitled ‘Innovation for a sustainable Future – The Eco-innovation Action Plan (Eco-AP)’ (COM(2011)0899),
  - having regard to Rule 52 of its Rules of Procedure,
  - having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on Budgets and the Committee on Regional Development (A8-0135/2015),
- A. whereas SMEs account for more than 98 % of Europe’s businesses and provide more than 67 % of total employment in the Union and 58 % of gross value added; whereas they constitute the backbone of the European Union’s economy and are the key drivers of European long-term economic growth and sustainable job creation opportunities within the 28 Member States; whereas employment in the environmental goods and services sector in the years 2007-2011 grew by 20 % in spite of the crisis and presents an opportunity for SMEs to increasingly generate economic activity and jobs, including in areas affected by depopulation and ageing; whereas they thus play an important role in the industrial ecosystem together with mid-cap and multinational companies; whereas nine out of ten SMEs are small businesses employing 10 people or less and these microenterprises account for 53 % of all jobs in Europe;
- B. whereas at the moment, the global market for environmental goods and services is estimated at EUR 1 000 billion per year, and it is estimated that this amount will double or even triple by 2020, creating tremendous opportunities for Europe’s SMEs and economic growth in general in the EU; whereas the European Union is a world leader in both the import and export of environmental goods; whereas services are inextricably linked to these goods, yet there are non-tariff barriers that remain for the environmental service providers;
- C. whereas the European Union committed itself to reindustrialising Europe by investing in and supporting the principles of sustainability, competitiveness and innovation, in order to achieve a share of at least 20 % in industrial production as part of the EU Member States’ GDP until 2020; whereas the European Council has committed itself to reducing domestic greenhouse gas emissions by at least 40 %, increasing the share of renewable energy to at least 27 % and increasing energy efficiency by at least 27 % by 2030, with a view to raising this target to 30 %; whereas SMEs should play their role in fulfilling these targets, as 93 %<sup>1</sup> of them are already taking measures to become more resource efficient; whereas according to the Commission, better eco-design, waste prevention, recycling and reuse could bring net savings for EU businesses, estimated to represent up to EUR 600 billion, or 8 % of annual turnover, while also reducing total greenhouse gas emissions by 2-4 %;
- D. whereas enabling SMEs to transform environmental challenges into economic opportunities while acting sustainably is one of the principles of the Small Business Act, but whereas there has been no significant policy progress and SMEs often face

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<sup>1</sup> [http://ec.europa.eu/public\\_opinion/flash/fl\\_381\\_en.pdf](http://ec.europa.eu/public_opinion/flash/fl_381_en.pdf)

inconsistent policies when commencing business and implementing environmental standards;

- E. whereas SME compliance with the growing number of environmental standards will be fostered by both the market and legislation; whereas the EU and the Member States should minimise the administrative burden in new and existing regulation, and should strive to avoid creating additional costs for enterprises in complying with such regulation; whereas new initiatives to reduce regulatory burdens on SMEs and other sectors have been proposed and should be implemented by the Commission and the Member States;
- F. whereas 90 % of EU enterprises are microenterprises; whereas despite recent efforts, SMEs and microenterprises continue to have difficulties with access to skills, information and finance, and to a sufficiently diversified choice of equity and debt instruments needed along the growth path of a company, and whereas EU programmes still fall short of significantly contributing to innovation; whereas application procedures for EU funding for SMEs are still too bureaucratic and therefore prohibitive for many SMEs;
- G. whereas account must be taken of the potential of the EU budget, as an investment-driven budget, to facilitate European SMEs' access to funding through the reduction of bureaucracy and through dedicated financial tools and the increase of funding for LEOs (local enterprise offices); whereas the development of user-friendly procedures for the various forms of support should be enhanced;
- H. whereas small companies gain proportionally more than large entities from actions to improve resource efficiency and should receive more policy attention; whereas the potential gross benefit of improving resource efficiency is 10-17 % of turnover, depending on the operating sector;
- I. whereas digital technologies are both an important tool for use by SMEs in reaping the benefits expected from optimal use of resources and a sector where new SMEs can readily emerge and develop;
- J. whereas the focus is primarily on high-tech SMEs that directly deliver green innovations, but there is a need to support other companies in complying with environmental regulations, implementing green innovation measures and improving their environmental performance; whereas eco-innovation might be an idea for a new company, but also a measure to improve existing businesses within the framework of the green economy;
- K. whereas although there is no internationally agreed definition of green growth, there is consensus that it is a combination of economic growth and environmental sustainability; whereas enhancing skills and training is a key challenge for SMEs, which should receive particular attention, especially with regard to innovation and resource efficiency; whereas inadequate access to risk capital, in particular at the start-up stages, continues to be one of the main obstacles to the creation and development of growth-oriented businesses;
- L. whereas given that microenterprises generate thousands of jobs and as much as 53 % of employment across Europe, and as such require a different framework to work within, a consistent use of the definition of microenterprises is urgently required; whereas microenterprises face several major difficulties, such as barriers in procurement rules, excess regulatory burden and access to finance;

### ***General issues***

1. Supports the concept of green growth and circular economy and notes that the opportunities arising from it relate to various areas of significant importance such as renewable energy sources, and in particular the economically viable exploitation of wind, solar, hydro and geothermal energy, energy efficiency, resource efficiency, waste management, emission reduction, electrification and cradle to cradle; points out the considerable economic and employment potential these areas have for different sectors; notes that green growth should be part of a wider strategy of promoting job creation and economic growth among SMEs;
2. Stresses that green growth should be put in a broad perspective, and should include efforts deployed throughout the whole value chain and across the entrepreneurial ecosystem, including efforts by industrial manufacturing players to reduce the ecological footprint of their products, production processes, business practices and services; recalls the recommendations of the European Resources Efficiency Platform highlighting that resource efficiency requires a dynamic regulatory framework that gives appropriate signals to producers and consumers to improve the performance of products throughout their life-cycle; calls on the Commission to establish a comprehensive policy framework, including concrete policy objectives and better integrating and streamlining existing policy tools to ensure opportunities and participation of SMEs in the green and circular economy;
3. Highlights the fact that the global economy will need to provide for an ever growing population – 9 billion people by 2050 – and that our natural resources are limited and therefore should be used in a sustainable and very efficient way; points out new innovative, green and sustainable solutions to these challenges, such as new products, production processes, business practices and services, for instance by integrating innovative digital technologies, and a new supporting legal framework;
4. Reminds the Commission and the Member States that SMEs across Europe are very heterogeneous, ranging from very traditional, family-run businesses to fast-growing enterprises, high-tech firms, microenterprises, social enterprises and start-ups, and that approaches to assisting them must be equally diverse;
5. Believes that the EU needs to drastically change its entrepreneurial culture in order to contribute to economic growth by having more people starting up their own businesses and seeking more business opportunities, especially in green growth, and by accepting failure and risk-taking; emphasises the importance of putting this issue at the centre of policymaking; calls on Member States to cater for a softer landing after business failure in their relevant legal frameworks, in order to allow people to start up a new business soon after failure of a previous venture, especially in new and innovative sectors; calls on the Commission to alleviate the fear of failure through awareness campaigns and education;
6. Stresses the added value of the EU budget in helping SMEs, microenterprises, social enterprises and cooperatives to gain access to funding and international markets, in particular through the COSME programme and under Horizon 2020 and the European Structural and Investment Funds (ESIF); stresses the need for a clear and uniform EU-wide interpretation by national regulators and open public procurement rules;
7. Notes that many European SMEs today compete internationally on solutions that include both products and so-called ‘green services’, such as construction, installation, repairs and management; notes that these services are central for the development, sale and export of green products; calls on the Commission to include green services in the ongoing

negotiations on the Environmental Goods Agreement, as well as in bilateral trade agreements such as the TTIP, in order to reduce barriers for European SMEs and service providers wishing to go international;

8. Emphasises the importance of good governance, an independent judiciary, transparency and the rule of law across the EU for the creation of a business-friendly climate and a market with a level playing field for SMEs;

### *Financing of green initiatives*

9. Points out that in the current circumstances where insufficient access to appropriate sources of risk capital, particularly in the early stages, continues to be one of the most significant constraints on the creation and development of growth-oriented firms, the Commission's Action Plan on improving access to finance for SMEs places a lot of emphasis on venture capital as a possible mode of growth finance; underlines, nonetheless, that this kind of funding is adequate only for a small number of SMEs and that bank loans still constitute an important source of funding, and that alternatives should be developed by the private sector; notes in this context the importance of promoting alternative forms of lending to SMEs, such as credit unions; points out the potential financing opportunities that should be explored through the European Fund for Strategic Investments;
10. Encourages the Member States to incentivise foreign investors by removing language barriers; notes that accepting applications and providing data in English, in addition to the official language(s) of a Member State, is a step towards that end;
11. Stresses that there is no one-size-fits-all mode of finance and calls on the Commission to take into account the interests of SMEs in all existing and possible future programmes, instruments and initiatives, especially for new business models in the green economy, ranging across equity (such as business angels, crowd funding and multilateral trading facilities), quasi-equity (such as mezzanine finance) and debt instruments (such as small-ticket company bonds, guarantee facilities and platforms), and partnerships between banks and other operators involved in SME financing (accountancy professionals, business or SME associations or chambers of commerce), in order to support businesses in their start-up, growth and transfer phases, taking into account their size, turnover and financing needs; calls on the Member States and on local and regional authorities to ensure adequate incentives and to provide fiscal incentives for these funding models; stresses the importance of reviewing existing SME supporting instruments to include further green growth opportunities;
12. Highlights the need to ensure coordination and complementarity between financial instruments in the EU budget, in particular under the European Structural and Investment Funds (ESIF), the EU Programme for Employment and Social Innovation (EaSI) and the LIFE programme;
13. Calls on the Commission and the Member States to monitor the results achieved by SMEs that have accessed green innovation funding, in order to gauge the effectiveness of such funding; urges the Commission to lose no time in making the changes required for the funding to be more effective, should the results prove to be unsatisfactory;

14. Notes that due to the highly technical nature of many green investment plans it is key to highlight the importance of standardised risk and return models and of developing new models for new challenges and sectors;
15. Recalls that SMEs can be expected to play an important role in the circular economy, providing sustainable, yet labour-intensive services such as repair, refurbishing and recycling; notes that the Commission, the Organisation for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF), the International Labour Organisation (ILO), Parliament and the Eurogroup broadly support the principle of a tax shift from labour to natural resource use and consumption; requests that the Commission assess the impact of a tax shift from labour to natural resource use;
16. Emphasises that entrepreneurs, SMEs, business associations and support organisations should be more literate on financing possibilities for more performant technologies, or for contracting services such as consultancy, coaching and training on eco-design, resource management and green entrepreneurship and availability of green technologies, products and services that could be beneficial for their business; calls on Member States to enhance provision of services for SMEs in those areas and also emphasises the need for simple and accessible sources of information and databases for these products and services; reminds the Commission and the Member States that this information should be communicated in a way that corresponds best with the logic and working methods of SMEs;
17. Notes that EU programmes do not significantly contribute to eco-innovation and the circular economy and that the Commission, therefore, needs to focus better funding from COSME and Horizon 2020 towards the development of eco-innovative solutions by and for SMEs and to support financing for the improvement of product design and processes performance, building on the successful experiences in the past MFF; considers, in particular, that the SME instrument under Horizon 2020 needs to be fully implemented;
18. Calls on the Commission and the EIB to make sure that in the implementation phase of the 'Investment Plan for Europe' SMEs, including green and innovative ones, will be key beneficiaries of the support provided for under this proposal; insists that clear criteria, including European added value, must be developed to achieve this aim and that provision of advisory services on resource efficiency and eco-innovation for SMEs be strengthened; calls on the EIB and the Commission to ensure that all categories listed in the Commission recommendation concerning the definition of micro, small and medium-sized enterprises (C(2003)1422) sufficiently benefit; points to the importance of Horizon 2020 and COSME for the support of SMEs, and the need for full implementation of the SME instrument under Horizon 2020;
19. Considers that, in order to ensure complementarity of financial schemes for SMEs, it is essential to coordinate the measures taken under the Cohesion Policy and other programmes, such as the Horizon 2020 Programme, both nationally and regionally; stresses the importance of legislating in such a way as to allow SMEs to maintain their competitiveness;
20. Calls on the Commission and the Member States to find a swift and lasting solution to the enormous backlog of payments related to regional policy and as regards the handling of ESIF assistance for the previous funding period, so as to ensure that SMEs as project partners will not, on account of payment delays, be deterred from taking part in support programmes and projects;

### ***Knowledge management***

21. Highlights the importance of actively pursuing collaboration across sectors, along value chains as well as geographical areas, which offers the potential to spark innovation and new growth opportunities through cross-fertilisation of ideas and innovative concepts; welcomes the Horizon 2020 action ‘Cluster facilitated projects for new industrial value chains’, to better unlock the innovation potential of SMEs, including the eco-innovative and resource-efficient solutions they offer;
22. Welcomes the establishment of a European Resource Efficiency Excellence Centre to advise and assist SMEs seeking to improve their resource efficiency performance; stresses the need to establish this centre as a strong network of partners across EU regions and to build on proven experiences in Member States; believes it should guide SMEs to European, national and regional programmes in this field of action, and provide access to expertise, networks and infrastructure;
23. Stresses the importance of knowledge transfers and multi-stakeholder knowledge sharing, including cross-border, through informal networks, especially for SMEs and microenterprises, to raise awareness of existing and new innovative techniques, best practices, ways to acquire proper financing, possible government support schemes and the relevant legislative frameworks entailing the least burdensome administration, and recalls that the existing national contact points for the EU funding programmes and the Enterprise Europe Network (EEN) have to be fully involved in the support of SMEs and proactively inform, coach and support SMEs in identifying financing possibilities at EU, national or regional level; supports the organisation of a European Resource Efficiency Campaign to inform SMEs about the benefits and opportunities offered by resource efficiency and how industrial synergies on recycling can be created; calls on the Commission and the EEN to cooperate on resource efficiency with industry associations, trade unions, SMEs, NGOs and academia, as well as regional initiatives; welcomes, in this regard, the Commission’s focus on symbioses and clusters and encourages the Commission to come forward with concrete initiatives to facilitate cross-sectoral cooperation and resource management;
24. Urges sector federations to play a more prominent role in providing appropriate information and advice on green technologies, funding possibilities and the relevant procedures; calls on the Commission and the Member States to fill the gap where this support is lacking and, in cooperation with sector federations and companies, to further investigate what opportunities exist and accelerate sustainable solutions, and invest in environmentally friendly technologies, resource efficiency and the recycling economy; notes the growing gap between the needs of SMEs and the skills of employees; notes that 26 % of employers in Europe face difficulties in finding employees who possess the right skills;

### ***Research, development and innovation, and skills***

25. Stresses the need to be more effective in developing basic R&D, to fully involve SMEs in this process and to actively support further transformation of basic R&D outcomes into further technological advances; highlights the importance of the reindustrialisation of Europe given the importance of the manufacturing industry for R&D&I and thus the EU’s future competitive advantage; believes that non-technological, organisational, systems and public sector innovation should also be given sufficient attention, along with technology-driven solutions;

26. Highlights the importance of the commercialisation and valorisation by European companies of R&D output; calls on the Commission and the Member States to provide for a more stable regulatory framework and adequate financial schemes in order to enable economic initiative and entrepreneurship and to limit the time to market of new products, services and business practices, notably in the green economy;
27. Stresses the potential for innovation and green growth which lies in new European space infrastructure; calls on the Commission to promote the use by SMEs of data derived from these infrastructures in business nurseries and incubators; calls on the Commission to institute a regime for SMEs which affords ready access to data from these infrastructures at the research, development and commercialisation stages;
28. Notes that according to the May 2014 *Innobarometer* only 9 % of all companies say they have enjoyed public financial support for their R&D&I activities since January 2011; stresses the need to develop user friendly procedures for the various forms of support;
29. Notes the benefits which the unitary European patent confers on SMEs, particularly in the field of green technologies; calls on all Member States to join the unitary European patent system; calls on Member States to ratify without delay the Agreement on a Unified Patent Court, which is necessary for the application of the unitary European patent; calls on the Commission to propose a simplified procedure for use by SMEs in bringing an action for infringement before the Unified Patent Court;
30. Calls for an improved policy framework for the circular economy, including adopting and implementing smart regulation, standards and codes of conduct which aim to internalise externalities, tackling resource-intensive products, creating a level playing field, rewarding front-runners and accelerating the transition towards a resource-efficient and sustainable economy;
31. Calls on the Commission to include as part of the Circular Economy Package the extension of the eco-design instrument to include the resource efficiency dimension; believes that eco-design should address durability, reparability and recyclability of products, including standards for guaranteed minimum lifetime and disassembly;
32. Encourages the extension of innovative support schemes, such as green innovation vouchers, which can promote the introduction of sustainable technologies and environmentally friendly and climate-resilient solutions; as regards applications for support, considers that the rules need to be simple and clear and should not represent an administrative burden; furthermore, invites the Commission and the Member States to find innovative financing solutions for SMEs and to provide fully accessible financing instruments; recalls that the sustainable growth and innovation capacity of European SMEs is one of the main competitive advantages that the EU has in globalised markets;

***(De)regulation as an engine for growth***

33. Calls on Member States to avoid creating barriers to the internal market by gold-plating, to review their current regulatory regimes, to remove any superfluous or ineffective regulations which constitute market barriers, and to ensure consistent transposition into national legislation; calls on the Commission to ensure that the SME Test is fully applied in all impact assessments; invites the Commission to step up its efforts in addressing gold-plating with individual Member States; stresses the need for a clear and uniform EU-wide interpretation by national regulators and open public procurement rules, including green

procurement and e-procurement, which at the moment represents a substantial barrier for SMEs wishing to internationalise and at the same time a tremendous opportunity for Member States to be early adopters, including in resource- and energy-efficient products and solutions;

34. Welcomes the Commission decision for withdrawing obsolete or overly burdensome legislative proposals; expects the Commission to come forward with a more ambitious waste legislation proposal, as announced by Vice-President Timmermans in Parliament's plenary session of December 2014; calls on the Commission to refrain from legislative proposals that would lead to an unnecessary administrative burden for businesses and SMEs and to continuously review existing legislation with the objective of decreasing the current administrative burden, improving the quality and effectiveness of legislation and adapting this to new business models; stresses, nonetheless, the need for ambitious actions, an adequate and timely implementation of existing legislation and early involvement of stakeholders from the relevant industries and SMEs, including in the impact assessment, in order to reach the EU's environmental targets;
35. Recalls the importance of technology-neutral and innovation-friendly legislation, which allows different new technologies to be tested and valued by the market; welcomes the development of the Environmental Technology Verification (ETV) scheme as a new tool to help innovative environmental technologies reach the market; calls on Member States to make adequate use of market-based instruments in their public support schemes and to refrain from using environmentally harmful market distorting subsidies; recalls that public intervention should be used to address market failures such as the non-pricing of externalities; calls on the Commission to draw up common guidelines for national public support schemes for green investment projects in order to create a more uniform set of measures;
36. Notes that disruptive industries and technologies often indicate flaws in existing legislation; stresses the need for continuous monitoring and updating of existing legislation and its implementation, so that sustainable or eco-innovative technologies and new technological developments do not encounter barriers;

#### ***Miscellaneous support measures***

37. Believes that developing entrepreneurship skills and programmes to learn how the market, the economy and the financial system operate, function and interact, along with environmental awareness, and how new technologies can boost effective, innovative and green opportunities, should be included in basic and higher education systems, and also be promoted through extra-curricular activities and lifelong learning; believes that a well prepared business plan is the first step towards better access to finance and viability; calls on the Commission and the Member States to include entrepreneurship, financial, economic and environmental education in their education programmes without delay; supports in this connection the 'Erasmus for Young Entrepreneurs' programme, designed to promote an entrepreneurial culture and develop the single market and competitiveness;
38. Stresses that microenterprises and start-ups should also be afforded help and guidance in moving towards sustainable green growth; calls on the Commission to ensure that these businesses will be adequately covered by new initiatives focused on green growth opportunities for SMEs;

39. Notes that the Erasmus+ programme makes it possible for students and young people to develop entrepreneurship skills through, amongst others, the funding of internships; supports the 'Erasmus for Young Entrepreneurs' programme, designed to promote an entrepreneurial culture and develop the single market and competitiveness;
40. Notes the importance of addressing unsustainable consumption patterns and promoting a change in consumer behaviour; stresses the need for adequate consumer education and the need to encourage incentives for more sustainable consumption; calls on the Commission and the Member States to reinforce demand side measures, such as making use of public procurement in order to enhance uptake of resource- and energy-efficient products and solutions; stresses the value of including resource use in product information and eco-labels in order to empower consumers;
41. Stresses the importance of facilitating start-ups and spin-offs through collaboration with technological research institutes, universities and vocational training establishments;
42. Highlights the importance of exports for the creation of jobs and growth in Europe; calls on the Commission to speed up pending trade agreements with our partners so as to facilitate European SMEs' access to new markets;
43. Believes that female entrepreneurship is an asset as yet insufficiently valued for the growth and competitiveness of the EU, which should be fostered and strengthened, and that all the obstacles, in particular wage discrimination, facing women, including in the green economy, should be removed in order for women and men to benefit equally; believes that regular collection of harmonised statistics, including on the gender-specific impact of legislation and sex-disaggregated labour data, would facilitate more evidence-based policymaking and monitoring and fill a knowledge gap in the green discourse;
44. Calls on the Commission to study and identify the sectors of European industry and geographical areas where the conditions are met for the creation of new clusters and hubs, and to support their development;
45. Calls on the Commission and the Member States to take particular notice of and respond to the opportunities and challenges presented by rural areas in respect of SMEs, green growth and eco-innovation;
46. Calls on the Member States (at the level of national, regional and local policymakers and managing authorities) to continuously promote sustainable growth, under the smart specialisation strategies with the engagement of key stakeholders, that favours clustering, synergies and networks around the activities of the green economy; asks the Commission to report to Parliament on the implementation of smart specialisation strategies at national and/or regional level, where appropriate, and especially as regards the various patterns of 'downstream actions' used in the EU and in Member States; calls on the Commission and the Member States to provide information on the practical measures taken in order to develop competencies for eco-innovative SMEs through interconnecting regional innovation centres and the key support networks;
47. Calls on the Commission, under the umbrella of regional policy, to draw up specific programmes which embody all relevant green growth elements for SMEs; stresses the necessity for youth entrepreneurship potential to be used to the full in the context of green growth of SMEs; calls on the Commission to prepare measures which would connect educational institutions with European programmes and measures to support the green

economy; asks the Commission and the Member States to use all the means at their disposal to provide advice to the workforce of the SMEs and raise their awareness in order to improve their knowledge and skills; calls for the support for training to be focused on young people and the most disadvantaged groups;

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48. Instructs its President to forward this resolution to the Council and the Commission.