REPORT

on a new strategy for European SMEs (2020/2131(INI))

Committee on Industry, Research and Energy

Rapporteur: Paolo Borchia
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on a new strategy for European SMEs
(2020/2131(INI))

The European Parliament,

– having regard to Article 3(3) of the Treaty on European Union (TEU), which refers to internal market, sustainable development and the social market economy,

– having regard to the Commission recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises¹,

– having regard to Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions (Late Payment Directive)²,


– having regard to its resolution of 23 October 2012 on Small and Medium-sized Enterprises (SMEs): competitiveness and business opportunities⁴,

– having regard to its resolution of 8 September 2015 on family businesses in Europe⁵,

– having regard to its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences⁶,

– having regard to its resolution of 15 May 2020 on the new multiannual financial framework, own resources and the recovery plan⁷,

– having regard to its resolution of 23 July 2020 on the conclusions of the extraordinary European Council meeting of 17-21 July 2020⁸,

– having regard to the Commission communication of 23 February 2011 entitled ‘Review of the “Small Business Act” for Europe’ (COM(2011)0078), and to Parliament’s resolution thereon of 12 May 2011⁹,

– having regard to the Commission communication of 7 December 2011 entitled ‘An

¹ OJ L 124, 20.5.2003, p. 36.
action plan to improve access to finance for SMEs’ (COM(2011)0870),

– having regard to the Commission communication of 7 March 2013 entitled ‘Smart regulation – Responding to the needs of small and medium-sized enterprises’ (COM(2013)0122),

– having regard to the Commission communication of 22 November 2016 entitled ‘Europe’s next leaders: the Start-up and Scale-up Initiative’ (COM(2016)0733),

– having regard to the Commission communication of 11 December 2019 on the European Green Deal (COM(2019)0640),

– having regard to the Commission communication of 19 February 2020 entitled ‘Shaping Europe’s digital future’ (COM(2020)0067),

– having regard to the Commission communication of 10 March 2020 entitled ‘An SME Strategy for a sustainable and digital Europe’ (COM(2020)0103),

– having regard to the Commission communication of 10 March 2020 entitled ‘A New Industrial Strategy for Europe’ (COM(2020)0102),


– having regard to the Commission communication of 27 May 2020 entitled ‘Europe’s moment: Repair and Prepare for the Next Generation’ (COM(2020)0456),


– having regard to the Commission communication of 1 July 2020 entitled ‘European Skills Agenda for sustainable competitiveness, social fairness and resilience’ (COM(2020)0274),

– having regard to the Annual Report on European SMEs 2018/2019 of November 2019,

– having regard to the Commission’s 2020 Spring Economic Forecast,

– having regard to the European Court of Auditors’ Special Report 02/2020 of 22 January 2020, entitled ‘The SME Instrument in action: an effective and innovative programme facing challenges’,

– having regard to the findings of the Digital Economy and Society Index 2020, published on 11 June 2020,

– having regard to the World Bank’s Global Economic Prospects report of June 2020,


– having regard to Rule 54 of its Rules of Procedure,
– having regard to the opinions of the Committee on International Trade, the Committee on Employment and Social Affairs, the Committee on The Internal Market and Consumer Protection, the Committee on Transport and Tourism, the Committee on Agriculture and Rural Development and the Committee on Culture and Education,

– having regard to the letter from the Committee on Legal Affairs,

– having regard to the report of the Committee on Industry, Research and Energy (A9-0237/2020),

A. whereas the Commission communication entitled ‘An SME Strategy for a sustainable and digital Europe’ was published on 10 March 2020, while on 11 March 2020, the WHO issued the COVID-19 pandemic alert, impacting significantly the economic, social and political environment in which SMEs operate and making a revision of the strategy necessary, owing to the changes in many economic, social and political conditions; whereas the Commission’s strategy presented in March still proposes solutions to address the structural economic, social and environmental challenges SMEs were facing prior to the COVID-19 crisis, as well as upcoming challenges related to the digital and green transitions; whereas the Commission should present an updated version of its communication on an SME strategy, reflecting the points raised in this resolution; whereas European competitiveness is lagging behind that of other developed economies, threatening Europe’s potential to generate wealth and prosperity;

B. whereas the 24 million SMEs in the EU-27 are the backbone of the economy and, before the pandemic, they generated more than half of the EU’s GDP while employing about 100 million workers; whereas 98.9 % of enterprises in the EU’s non-financial business economy are small enterprises with fewer than 49 workers; whereas micro-, small- and medium-sized enterprises (MSMEs), both at national and EU level, are very complex and heterogeneous given their size and the great diversity of sectors of activity they cover; whereas SMEs are vital for the development and resilience of European industrial value chains and contribute significantly to local, regional and national economies;

C. whereas SMEs should be at the centre of the European Green Deal and digital strategy, and be properly supported by tailored financial instruments and an SME-friendly legislative environment in order be enabled to play an important role in the growth of the European economy, as well as in the broader strategic objectives of the Union, including the environmental objectives by 2050; whereas in its resolution on EU coordinated action to combat the COVID-19 pandemic and its consequences, Parliament stressed that the European Green Deal and digital transformation should facilitate the post-COVID recovery and reconstruction strategies; whereas SMEs must be actively involved and supported in the EU’s digital strategy and the European Green Deal in order to improve their competitiveness and unlock their potential for digitalisation, deployment of innovative solutions and tackling pressing environmental and societal concerns; whereas the contribution of SMEs will be crucial to the success of these strategies;

10 WHO Director General’s opening remarks at the media briefing on COVID-19, 11 March 2020.
11 https://ec.europa.eu/growth/smes_en
D. whereas the economic crisis and the grim economic outlook triggered by the pandemic have brought a considerable and indeterminate number of SMEs and start-ups to the verge of insolvency; whereas in 2018 only 40% of companies were paid on time; whereas the liquidity crunch from which many SMEs are suffering will not only have negative repercussions on their day-to-day operations, but also on their future growth perspectives, preventing them from properly planning long-term investments;

E. whereas the emergency asset purchases by the European Central Bank (ECB) in response to the economic crisis caused by the pandemic mainly help larger companies, as they rely more on the commercial debt market, but do not improve financial conditions for SMEs; whereas the EU and the Member States should act boldly and swiftly to minimise the economic, social and strategic risks associated with the disappearance of these companies; recognises that bank lending is traditionally the main source of external financing for SMEs in the Union, accounting for more than three quarters of SME financing, which makes SMEs particularly vulnerable to bank lending contractions; whereas SMEs do not have the tools to face a protracted crisis and national measures should not negatively affect the EU internal market;

F. whereas the impact of the capital shortfall as a consequence of the COVID-19 crisis will differ across sectors, company types and Member States, leading to divergences in the internal market; whereas it is important to maintain a level playing field in order to minimise distortions to competition within the internal market, while the differential in the growth performance between Member States is one of the causes of uneven economic development within the EU; whereas SMEs suffer even more from overwhelming and often deregulated global competition;

G. whereas the OECD Economic Outlook does not rule out, in the event of another serious wave of COVID-19, that the loss of income by the end of 2021 will exceed that of any previous recession in the last 100 years; whereas, following the COVID-19 outbreak, State aid should not lead to distortions of competition on the internal market between SMEs from different countries; whereas the pandemic has shown that the digital transition is of the utmost importance and has highlighted the need for digitalising the economy to ensure better resilience in the future, while environmental challenges persist and need to be addressed; whereas the EU is facing tough competition from global players; whereas innovation represents an effective way for SMEs to build long-term and sustainable growth;

H. whereas the adoption of environmentally sustainable practices, innovations and technologies is expected to create new jobs and business opportunities for SMEs while improving their competitiveness and reducing their costs, provided that the right administrative, regulatory and technical conditions are in place; whereas many SMEs wish to improve their environmental performance, resource and energy efficiency, use of digital technologies and deployment of innovative solutions, all of which will be crucial for supporting their long-term and sustainable growth and competitiveness, as well as enabling them to play a key role in directly delivering eco-innovations; whereas to this end, better access to funding and technical support should be provided;

12 OECD Economic Outlook, Volume 2020, Issue I
I. whereas, according to the Commission’s Digital Economy and Society Index 2020, many SMEs still lack full access to digitalisation and are lagging behind large firms both in terms of digital skills and the digitalisation of their operations, owing in part to unfair competition from multinational companies; whereas the same rules should apply both in the digital and non-digital single markets in order to ensure a level playing field while avoiding negative impacts on labour and social rights; whereas the use of data can lead to a competitive advantage and allow SMEs to reap the benefits of the digital transition, while the focus on digital literacy and skills should go hand in hand with the enhancement of EU investment in digital infrastructure as well as with the improvement of data access for SMEs and fair commercial and regulatory frameworks in all types of market settings, i.e. business to business, business to consumer and business to government;

J. whereas one of the main challenges in unlocking the potential of digitalisation is to find skilled employees; whereas the Commission, the Member States and local governments should act to improve the business environment in order to ensure the competitiveness of SMEs as well as the sustainable and long-term economic growth of the Union; whereas the Union’s SME strategy represents an opportunity to foster the entrepreneurial culture of under-represented groups and to enable them to fully harness opportunities stemming from the digital and green transitions;

K. whereas the enhancement of an entrepreneurial culture can enable SMEs to fully contribute to and benefit from the twin transition and increase job creation and thus the impact of SMEs on in the labour market; whereas women make up 52% of the total EU population but constitute only 34.4% of the self-employed and 30% of start-up entrepreneurs in the EU; whereas women’s creativity and entrepreneurial potential remain untapped and should be further developed;

L. whereas regulatory burdens should be reduced, such as the financial and ‘hassle’ costs of compliance created by over-regulation and overly complex administrative procedures, including the challenges related to patent litigation, for example in the field of intellectual property protection but also with reference to funding opportunities; whereas innovation is not associated with regulation, but is propelled by collaborative efforts in which businesses interact to exchange knowledge and information and to combine ideas and financing with partners as part of broader innovation systems; whereas grants are typically more likely than tax credits to reach SMEs or activities in which SMEs are more likely to be involved;

M. whereas the EU’s definition of SMEs is referred to in over 100 EU legal acts covering a wide range of policies; whereas the Commission will further examine the current definition and report on specific issues raised in the most recent public consultation, such as complex ownership structures or possible ‘lock-in effects’; whereas the Commission still needs to comply with the judgment of the European Court of Justice of 15 September 2016 requiring the clarification on the criteria of ‘independence’ and ‘autonomy’;

N. whereas micro-enterprises represent a significant proportion of European SMEs and

very often have difficulties in accessing finance as well as in gaining knowledge of the opportunities that are available at the European and national levels; whereas this category of businesses has also been hit very hard by the COVID-19 crisis and, without prejudice to the current definition of SMEs, deserves to receive more assistance and be better promoted;

O. whereas mid-caps contribute significantly to employment and growth, especially in some Member States; whereas the Commission should, as part of the REFIT initiative, assess the need for a separate mid-cap definition in order to enable targeted measures, while ensuring that this does not broaden the existing SME definition nor compromise SME support in any way;

**Structural challenges prior to the COVID-19 crisis**

1. Welcomes the Commission’s SME strategy and shares its view that SMEs are essential to the European economy; highlights the need to update the SME strategy in the light of the COVID-19 crisis while keeping the focus on advancing the transition toward a socially, economically and environmentally resilient society and a competitive economy, and calls therefore for the SME strategy to be aligned with the industrial strategy, the European data strategy\(^{15}\) and the European Green Deal, in order to actively involve and support all SMEs in the twin transition, with the view of achieving better competitiveness, long-term growth and better resilience;

2. Calls, furthermore, for measures to improve the environment for business creation and to strengthen the entrepreneurial spirit, including through the reduction of administrative burdens on SMEs; calls in this regard for the adoption of an SME action plan with clear objectives, milestones and timeline, accompanied by regular monitoring, reporting and evaluations; stresses in this context the need to enhance the entrepreneurial spirit within the Union and to provide the conditions that will enable new businesses and existing SMEs to thrive and innovate, and thereby contribute to the Union’s economic, social and environmental sustainability and economic competitiveness;

3. Acknowledges that an excess of administrative and regulatory burdens is hindering the ability of SMEs to thrive as they lack the necessary resources to meet complex bureaucratic requirements;

4. Welcomes therefore the Commission’s commitment to introduce a ‘one in-one out’ principle, but recalls that this merely maintains the status quo in legislation, which is not a sufficient ambition, and stresses the need for Member States to avoid gold-plating as a first step towards stemming the tide of new regulation; recalls that public administration, both at the European and the national levels, has a key role to play in ensuring the ease of doing business and, for example, in promoting investments aimed at boosting economic competitiveness, while safeguarding the highest standards of transparency, workers’ health, rights and safety and environmental protection;

5. Calls therefore on the Member States and the Commission to acknowledge the need for better regulation and simplification and to adopt a roadmap with concrete and binding targets and indicators as an important prerequisite for our economy’s ability to recover

\(^{15}\) Commission communication of 19 February 2020 on a European strategy for data (COM(2020)0066).
and innovate, and for the safeguarding of EU companies’ competitiveness; notes that several Member States have set quantitative targets of up to 30%\(^{16}\) for the reduction of administrative burden and calls on the Commission to set ambitious and binding quantitative and qualitative targets at EU level for the reduction of administrative burdens, as soon as possible after conducting an impact assessment and in any case no later than June 2021, and in advance of the Commission communication;

6. Notes that this roadmap should identify the areas where the administrative and regulatory burden for SMEs should be substantially reduced in order to cut compliance costs including red tape, and support Member States in achieving a swift reduction in the number of rules while ensuring workers’ rights, social and health standards and environmental protection; underlines that, in order to monitor the effectiveness of the reduction of red tape, it is also important to assess such measures ex-post, taking into account the SMEs’ perspective and not undermining workers’ rights;

7. Calls for improved regulatory alignment to be accompanied by smart digitalisation, increased user-friendliness, more streamlined procedures and more secure and private data procedures; demands, in this respect, increased and more targeted national and EU-level technical and administrative assistance, exchange of best practices and training opportunities for SMEs; calls on the Commission to manage a true single digital entry point for all enquiries on EU financing opportunities for SMEs and ensure that EU support schemes, including those addressing the COVID-19 aftermath, contain a strong SME component;

8. Welcomes the achievements of the application of the Better Regulation principles so far; notes that further progress needs to be reached in particular in the realm of simplification and standardisation of forms and procedures, with the consistent implementation of the ‘once only’ and ‘digital by default’ principles, both at EU and Member State levels, and the reduction of administrative burdens in general;

9. Calls on the Commission to analyse carefully the economic and social impacts of the COVID-19 crisis on SMEs and to take into account SMEs’ concerns resulting from the COVID-19 crisis when conducting impact assessments ahead of proposing legislation;

10. Calls, therefore, for a binding test that is able to assess, with regard to SMEs, the costs and benefits of legislative proposals, including their economic impact and their impact on SME employees; expects the results of the SME test to be fully taken into account in all legislative proposals and to clearly demonstrate how simplification would be attained and, where possible, formulate additional recommendations to avoid unnecessary administrative or regulatory burdens for SMEs; recalls that the main focus during the EU’s legislative process should be on the quality of impact assessments rather than on speed at which initiatives are completed; calls on the Member States to collect and promote best practices and develop guidelines for the systematic implementation of SME tests also at national level;

11. Calls on the Commission to ensure the effectiveness and good functioning of the Regulatory Scrutiny Board (RSB) by ensuring it has a majority of external experts and support from the Joint Research Centre; reiterates that the independence, transparency

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and objectiveness of the RSB and its work must be ensured and that the members of the Board should not be subjected to any political control, conflict of interest or bias; calls on the Commission to guarantee a balanced representation of large and small companies in all relevant bodies and committees associated with EU policymaking, including on the RSB; considers the current requirement to have only one SME representative on the RSB, representing all SMEs across all sectors, as insufficient, considering the great variety of SMEs in Europe;

12. Calls for a revived implementation of the small business act (SBA); underlines the need for the consistent application of the ‘think small first’ principle and the strengthening of the principle of being ‘big on big things, small on small things’ in order to ensure proper focus on SMEs in EU and national legislation and as the basis for a new interinstitutional commitment to reducing administrative burdens;

13. Takes note of the Commission’s plan to appoint a dedicated EU SME envoy to bring more visibility to SMEs’ concerns and furthermore calls on the Commission to place the SME envoy in a central unit under the President of the Commission in order to enable oversight over SME issues in all Directorates-General; calls on the Commission to build on the existing SME performance review process and engage in an annual debate on the ‘State of the SMEs Union’ to be held at a Parliament plenary sitting; underlines the opportunity to strengthen cooperation between the SME envoy network and the national and local organisations representing SMEs;

14. Considers that the EU objectives in the areas of sustainability and digitisation should be fully matched by financial and other resources to enable Member States to promote SME transition within both areas, this being of particular importance in the less developed regions; stresses that such objectives cannot be contradictory and must, on the contrary, be mutually reinforcing and accompanied by measures to safeguard employment with rights and improved working conditions;

15. Regrets that SMEs have experienced more difficulties than larger companies in accessing finance, owing among other reasons to various monetary measures and the regulatory framework; suggests in this regard that actions be taken to strengthen access to credit for SMEs, including micro-enterprises and start-ups; recalls that SMEs usually do not have sufficient financial and human resources to participate on an equal footing with other stakeholders, in particular multinational corporations, in the process of accessing financial instruments;

16. Expresses concern regarding the difficulties in accessing EIB funding lines faced by most SMEs, particularly those with limited capitalisation, and calls for conditions of access to take into account the need for a stronger involvement of SMEs; regrets that many SMEs, including micro-enterprises and start-ups, are unable to access EU funding because they lack awareness of what is available, but also because of the slowness and excessive complexity of the relevant procedures and eligibility criteria; calls on the Commission to remove such barriers by simplifying procedures, ensuring online access to information and further supporting tailored incentives for SMEs and micro-enterprises;

17. Reminds the Member States and the Commission, in this regard, that there is an immediate need to restore the liquidity of SMEs to ensure their basic functioning and
warns that the post-COVID-19 survival of SMEs, in particular of micro-enterprises, given their structural weaknesses in comparison to larger businesses, will depend on swift decision-making, adequate funding and the quick availability of liquidity;

18. Encourages the Commission and Member States to make the best use of the forthcoming EU instruments under the next multiannual financial framework (MFF) according to the specific needs of the local communities and taking into consideration, whenever possible, existing sectoral and national specificities; recalls that they are expected, among other things, to funnel investments towards SMEs;

19. Expresses its regret that the Recovery Plan dedicated little focus to SMEs and calls for measures to ensure easy access for SMEs;

20. Urges the Commission to better customise EU funding to attract more participation from non-digital, high-tech and innovative SMEs and calls, furthermore, for the design of new EU instruments to take into consideration whether funding can reasonably be used by SMEs and is suited to their needs, and to ensure that SMEs are able to benefit as much as all the other partners involved in the value chain, to the benefit of Europe’s global competitiveness; recalls that, in order to help start-ups thrive, it is crucial to ensure a supply of ‘patient capital’ that aims to capture benefits specific to long-term investments and whose providers are able to maintain their investment even in the face of adverse short-term conditions;

21. Emphasises the need for EU bodies to proactively approach SME networks and organisations at local, regional and national levels in order to provide timely information and guidance for making use of available and planned EU funding possibilities; reminds the Commission to use all means of communication available as well as competitions for students and young entrepreneurs;

22. Urges Member States to guarantee non-discriminatory access to bank lending for SMEs, including those whose business model focuses on intangible assets; recalls that access to finance is a key enabler of growth, sustainable transformation and innovation and calls for further support for innovative business models; deplores the gap in credit conditions for SMEs located in different EU countries and calls on the Member States to work together with the financial and banking sectors with regard to their obligation to ensure full and fair access to bank loans for SMEs;

23. Stresses that financing through capital markets alone will not be sufficient to provide appropriate solutions for SMEs and believes that the financial services sector must be stable and offer SMEs, micro-enterprises and self-employed entrepreneurs a wide range of tailor-made financing options in a cost-effective manner; stresses in this regard the importance of traditional banking models, including small regional banks and savings cooperatives; invites the EIB to work more closely with its financial intermediaries in the Member States to disseminate relevant information to SMEs in order to improve their access to finance;

New challenges arising from the COVID-19 pandemic

24. Recalls that liquidity must be swiftly provided to SMEs, while measures for SME recapitalisation should also be reinforced; urges Member States and the Commission to address the problem of late payments, which continue to create significant liquidity
challenges for SMEs, and urges Member States that still have not done so to implement the Late Payment Directive, in particular with regard to public administrations and to business-to-business relations;

25. Urges the Commission to strengthen monitoring and enforcement of the Late Payment Directive and assess the need for its revision, so as to ensure that prompt payments are the norm across the internal market both for business-to-business transactions, in particular from bigger to smaller businesses, and for government-to-business transactions; calls on authorities at the European, national, regional and local levels to set the right example by always paying SMEs on time and, in this context, encourages an active use of infringement procedures in cases where the directive is not properly implemented;

26. Recognises the need for a temporary relaxation of State aid rules and an acknowledgement that they have led to the uneven implementation of measures across the Union; calls on the Commission and the Council to take swift action to ensure a competitive level playing field among Member States;

27. Notes that any future evaluation and revision of the State aid rules should take into due account the specificities and geographical disadvantages affecting those SMEs located in the most peripheral territories, including islands, outermost regions and mountainous areas, as well as in other areas, including non-peripheral areas, that are affected by unprecedented natural calamities;

28. Is deeply concerned that sectors such as tourism, hospitality, culture, the creative industries, transport, trade fairs and events, which are largely composed of SMEs, have been hit hardest by the COVID-19 crisis; underlines the importance of continuous, swift measures aimed at restoring and retaining trust among travellers and operators; underlines the need to relieve these sectors from administrative burdens and cost-driving regulation, identify the way forward for the sectors’ recovery and ensure protection for the rights of workers in the affected sectors; recalls the importance of improving access to digital technologies and supporting programmes for SMEs in the cultural and creative sectors, as the COVID-19 crisis has shown their crucial role in our economy and social lives;

29. Urges Member States to acknowledge as top political priorities the protection of employment and the survival of SMEs and start-ups by putting forward concrete measures to support economically viable SMEs and start-ups at risk of insolvency, in particular in light of the cancellation of the Solvency Support Instrument suggested by the European Council; notes the Support to mitigate Unemployment Risks in an Emergency (SURE) initiative aimed at covering the cost of national short-time work schemes; calls on the Commission to actively support Member States in transposing the Directive on restructuring and insolvency\(^\text{17}\) to ensure a real second chance to SMEs in difficulty;

30. Notes that the COVID-19 crisis has pushed SMEs towards innovative technologies, new ways of organising their work and digital business models such as e-commerce, the

sharing economy and remote working; points out that many SMEs have struggled to adapt to the new circumstances and calls on the Commission, in this regard, to ensure that research and innovation (R&I) investment is geared towards SME participation while striking a balance between the enforcement of intellectual property rights and the push for innovation; calls furthermore for the respect of workers’ rights throughout this process;

31. Recalls that innovation in SMEs is a key driver of productivity and sustainable growth, as it can help solve global and societal challenges and offer better working conditions; recalls that technological development and digitalisation are increasing the opportunities for SMEs to innovate and prosper, accelerating the spread of knowledge and the emergence of new business models, and increasing their ability to scale up more quickly;

32. Stresses that investments in innovation should prioritise ecosystems that are inclusive of SMEs and that strengthen co-creation, maturation and transfer of excellent technology to industry as well as the uptake of new technologies; underlines, therefore, the importance of targeted public policies to support horizontal needs related to the digital transformation processes in micro-enterprises and SMEs, such as the simplification of reporting obligations, and calls on Member States to develop pilot initiatives to accelerate SMEs’ uptake of e-commerce solutions, for example through training and advisory activities, technical assistance, best practices or integration of the knowledge triangle (education, research and innovation), and with the involvement of all relevant stakeholders and local authorities

33. Welcomes the inclusion of SMEs in the European Space Programme, including in the development of many downstream services and applications; recognises the key role that SMEs play in defence supply chains in Europe;

34. Welcomes the Commission’s promise to open fast-track training through digital crash courses to enable the employees of micro-enterprises and SMEs to become proficient in areas such as AI, cybersecurity and distributed ledger technologies; highlights that digital crash courses for SMEs in the framework of the digital Europe programme should be preceded by subsidised programmes to allow SME owners and managers to identify their digital needs and opportunities; points out that a skilled workforce is essential to make SMEs thrive and enable them to successfully cope not only with the environmental and digital transitions, but also with the traditional challenges these enterprises face;

35. Regrets that only 17 % of SMEs have so far successfully integrated digital technology into their businesses; calls for the action aimed at tackling skills mismatches and shortages to be strengthened and at equipping SMEs with digital literacy and skills, as well as improving skills in relation to public procurement and financial education, in addition to credit and supply chain management skills for rapidly changing labour markets, also in the light of the acceleration induced by the COVID-19 crisis;

36. Stresses the need to promote investments in further vocational training and apprenticeship programmes in SMEs; calls in this regard for the development of a tailored approach to digital skills for micro-enterprises; stresses the role that the Commission’s skills agenda can play to this end and points out that, in order to bridge
the gap in the digital and innovation fields, it is necessary to increase the share of graduates in STEM subjects and to address the gap that women are facing in both fields; welcomes, in this regard, the European skills agenda;

37. Take note of the Commission’s white paper on artificial intelligence (COM(2020)0065) and its view that each Member State should have at least one digital innovation hub with a high degree of specialisation in AI

38. Encourages the Commission to support SMEs’ effort to, inter alia, upgrade obsolete equipment, enhance knowledge transfer and identify the most effective uses of technologies, such as industrial AI, and, upskill the workforce with the immediately necessary skills to allow remote asset control, production monitoring and employee collaboration, as well as environmentally sustainable business models, circular economy approaches, and energy and resource efficiency, where digital know-how is often crucial and allows SMEs to stay competitive; calls on the Commission also to consider the creation of an SME voucher programme to support the above;

39. Urges action to tackle SME knowledge and skills gaps in relation to environmentally sustainable technologies, practices and business models, particularly for sectors in which EU sustainable energy and environmental objectives require fundamental change;

40. Recalls the importance of instruments such as the Enterprise Europe Network and European Digital Innovation Hubs, which can foster SMEs’ internationalisation, digitalisation and pursuit of innovation at the local level, including in the environmental field, and help ensure they are fit for purpose; calls on the Commission to perform a thorough mid-term and ex post evaluation of these instruments by consulting SME representatives throughout the evaluation process to ensure that these networks effectively reach SMEs;

41. Highlights the vital role of non-personal data and transfer of technologies from academia to SMEs, and underlines the importance of establishing European data spaces for non-discriminatory, trusted and secure non-personal data sharing to ramp up data flows between businesses and with governments, using an open data model;

42. Calls for the adoption of a parallel and stronger policy to improve internet infrastructure and connectivity conditions to the benefit of SMEs in remote areas, as a basic condition to improve digitalisation and embrace an effective transformation; calls on the Commission to consider binding targets for connectivity;

Recovery strategy

43. Insists that Horizon Europe is a priority and needs robust overall funding; calls for a substantial part of it to be made available for SMEs including for the SME components of the European Innovation Council, and calls on the Commission and the Member States to ensure that, whenever possible, R&I instruments such as the EIC Accelerator offer fast-track opportunities to SMEs and start-ups that are developing innovative technologies;

44. Calls for pervasive EU research and innovation policies and instruments to be kept as sector-neutral as possible and to provide more support not only to those SMEs and micro-enterprises that are already active in innovation efforts, but also, according to
their needs, to those lagging behind, particularly in traditional manufacturing; calls for more European-level R&I financing to be dedicated to non-digital SMEs and SMEs that wish to improve their environmental performance and resource efficiency;

45. Highlights that collaboration and cooperation are crucial dimensions to improving the performance of SMEs; notes, to this end, that clusters and partnerships with all actors in the knowledge triangle (education, research and innovation), shall be better promoted and encouraged by reducing administrative burdens, simplifying procedures and establishing shared services facilities for SME cluster participation; calls on the Commission furthermore to ensure that Horizon Europe’s partnerships and missions are transparent and inclusive throughout their implementation, in particular as regards SME participation and the setting of their strategic research agenda and annual work programmes; emphasises further the need to ensure fair arrangements on the sharing of findings and final results, in accordance with the principle of being ‘as open as possible, as closed as necessary’;

46. Underlines further the potential of the European Institute of Innovation and Technology and its Knowledge and Innovation Communities, as they represent an effective way to enhance collaboration between SMEs, research centres and universities with the scope to promote local entrepreneurship and address the most urgent societal challenges of our age;

47. Calls on the Commission and the Member States to invest, inter alia, in the data economy, artificial intelligence, smart production, the Internet of Things (IoT) and quantum computing and to ensure a strong SME component in these fields; deplores the fact that most SMEs do not have access to the data they create; welcomes in this respect the European data strategy, geared towards creating a genuine market for data, where SMEs will have easy access to and use of data in all types of market settings, i.e. business-to-consumer, business-to-business and business-to-government;

48. Calls on the Member States to ensure that SMEs have the support to innovation opportunities they need and to maximise synergies with EU programmes in their national innovation strategies; stresses in this regard the role of innovative SMEs specialising in pioneering technologies;

49. Emphasises the need to increase awareness among SME owners and managers, SME associations and support organisations about financing possibilities for technologies with better environmental performance, about contracting services (e.g. consultancy, coaching and training) related to eco-design and efficient resource usage and management, and about green entrepreneurship and green technologies, products and services;

50. Emphasises that investments in new as well as environmentally friendly technologies can turn the European Green Deal into a new growth strategy through which SMEs can benefit and enhance their innovation potential;

51. Acknowledges that, while many SMEs are willing to invest in energy-efficient, circular and environmentally friendly processes, products and services, there are significant barriers, in particular financial ones, preventing them from doing so; calls on the Commission and the Member States while lowering the regulatory burden to remove such barriers by putting in place an enabling regulatory framework and technical and
financial support schemes, including through private investment, to allow SMEs to successfully and swiftly take up green practices, products, processes and services; is of the opinion that reinforced targeted technical and financial assistance will be essential in promoting green opportunities among those SMEs, including micro-enterprises; stresses that such assistance should enable SMEs and micro-enterprises to take full advantage of the opportunities arising from the Green Deal, taking into account their structure, business model and, more generally, their needs, since there is no one-size-fits-all approach; stresses in this regard the need to actively involve representatives from SME organisations;

52. Welcomes the initiatives which offer the greatest employment and competitiveness opportunities to SMEs, such as the implementation of the circular economy action plan, creating local jobs and providing major business and innovation opportunities for SMEs; takes note of the opportunities provided by the initiatives of the so-called ‘renovation wave’ including urban regeneration projects; points out that the right to repair, while beneficial to consumers, can also push SMEs into entering the reparation market segment and that policies aimed at increasing the energy efficiency of buildings not only help SMEs in the construction sector, but all SMEs in promoting energy efficiency, and thus contribute to reducing their operational costs; calls for the development of a more competitive market for energy service companies (ESCOs);

53. Stresses that public procurement is a strategic tool to boost sustainable production and consumption patterns; believes that this tool, with the right support and assistance, can also provide great opportunities for local, innovative SMEs; notes the similar role of green and circular public procurement and recalls in this regard that its implementation at the national level should be accompanied by training and support for public bodies and SMEs;

54. Notes that a balanced intellectual property (IP) rights framework has long been known as an important step in improving the functioning of the internal market; calls on the Commission, therefore, to prioritise the announced intellectual property action plan in order to ensure EU-level protection of copyrighted goods and patented inventions and strengthen the ability of European companies, and in particular SMEs, to innovate on the basis of strong and balanced IP regimes, which will benefit the global competitiveness of innovative SMEs as well as minimising the costs and complexities of administrative procedures, while also addressing the challenges related to patent litigation and providing open source and open data models for future innovation;

55. Recalls the role of vocational training and life-long learning, which are essential for tackling the mismatch between skilled labour demand and supply, encourages the integration of entrepreneurial skills in the early stages of education and the promotion of reskilling and upskilling of unemployed workers to enable their inclusion into the labour market and ensure that SMEs can count on properly trained staff;

56. Calls on the Commission and the Member States to accelerate and expand initiatives to identify the skills needs and to address the gaps in the labour market through education, professional training strategies and skills development programmes targeted at SMEs, and regrets that the gap in entrepreneurship and access to finance for micro-enterprises and SMEs led by women still persists; calls on Member States to assess the barriers that still prevent women from becoming company founders and managers; underlines that
the use of gender-disaggregated data will help make this assessment more thorough and will improve the overall quality of the decision-making process; calls for educational and upskilling initiatives for women to help them improve their entrepreneurial skills and self-confidence; believes, furthermore, that e-government tools and digital skills should be promoted within the public sector in order to make public administration more business- and citizen-friendly and calls on Member States to ensure the exchange of national and regional best practices in the field, also with reference to cooperation between public administration and the private sector, in order to boost economic competitiveness;

57. Recalls that the SME strategy needs to cover different sizes and types of SMEs, whether they operate in traditional, social to high-tech sectors; considers SMEs involved in traditional handicrafts, tourism, cultural and creative sectors and the social economy to be particularly vulnerable segments of the SME network; acknowledges their historic, cultural, economic and social value and calls on Member States to ensure the sectors’ competitiveness, including by promoting generational transition and self-entrepreneurship, by promoting access to information about innovation opportunities and by supporting the protection and enhancement of these sectors;

58. Calls on the Commission, in the context of the EU’s SME support programmes, in particular the single market programme, to also pay particular attention to social economy enterprises, as they are locally rooted, provide a wide range of products and services across the EU single market and generate high quality jobs and promote social innovation;

59. Calls on the Commission to present and commit to a roadmap for the reduction of administrative burdens, including a timeline for actions and mid-term checkpoints, and on the implementation of the SME strategy to be presented at an annual plenary debate on the ‘State of the SMEs Union’; notes that following the WHO’s pandemic alert and the implementation of measures aimed at containing the spread of COVID-19, many European companies were forced to stop or slow down production due to trade restrictions, supply chain disruptions and shortages of raw materials and components from third countries, demonstrating once again the need for European industry to gain strategic autonomy and decrease its dependency on non-EU countries and to ensure that key parts of strategic value chains, including in the manufacturing industry, are better located within its borders; calls on the Commission, furthermore, to ensure that companies supplying medical supplies will not face again the same difficulties that arose within the internal market and to learn from problems that occurred during the early stages of the COVID-19 crisis;

60. Calls for strengthening competition rules to improve the competitiveness of SMEs and to protect them from unfair practices that could result in social dumping and labour deregulation; calls on the Commission to ensure the effective enforcement of the Union’s competition law, without prejudice to workers’ rights; recalls, in this regard, the importance of promoting social dialogue in designing and implementing SME policies and guaranteeing a level playing field for SMEs to make sure that they benefit from the internal market on a fair basis and are able to harness opportunities to scale up;

61. Calls on the Commission to ensure that SMEs will thrive in the context of the ecosystems guaranteeing an inclusive approach and bringing together all actors
operating in a value chain, in order to promote European leadership in strategic sectors and competitiveness on the global stage;

62. Considers that the EU strategy for SMEs should, at all times, take full account of their national specificities, thereby ensuring due regard for the broad national autonomy of Member States in a general Union framework;

63. Regrets the fact that no more than 600 000 SMEs are currently exporting outside the EU; recalls that those SMEs seeking to access the global market will improve their competitiveness only if supported both at the local and international levels by a structured and predictable regulatory and enabling framework, structured networks, solid information resources and access to investment opportunities and a skilled workforce; stresses the importance of increasing SMEs’ awareness of both the internal and the international markets and their rules and tools, also by simplifying the reference framework and improving communication on tailored opportunities; recalls in this regard the role of SME umbrella organisations and networks and chambers of commerce in Member States and internationally, as well as of the EU delegations;

64. Calls on the Commission, therefore, to introduce tools such as a single digital entry point to easily identify opportunities for SMEs stemming from international trade agreements; welcomes in this respect the launch of the new Commission portal named ‘Access2Markets’ on customs procedures and formalities and urges the Commission to ensure multilingual access to this tool;

65. Recalls the need to actively involve SMEs in international trade agreements and push for reciprocity to ensure their access to public procurement in third countries; calls therefore for the inclusion in trade agreements of a standalone SME chapter that signposts micro-enterprise and SME-friendly provisions from other chapters and provides a fast means for microenterprise and SME owners to identify relevant and beneficial aspects of the agreement;

66. Urges the Commission to pursue a level playing field and a regulatory environment in which SMEs can thrive and compete globally and to consider the deployment of trade defence instruments (TDIs) in order to reduce unfair competition resulting from illegal or unfair trade practices of third countries, including trade defence measures unfairly blocking EU businesses from enjoying free access to their markets;

67. Considers that national and European public administrations should lead by example and facilitate and increase the participation of SMEs and micro-enterprises in public procurement, by simplifying access to information regarding calls for tenders and procedures, while avoiding disproportionate requirements and discriminatory practices such as tendering criteria that set demands or qualifications beyond the fundamental elements of the service or goods purchased, and thereby contribute to the shortening and diversification of supply chains;

68. Calls for more guidance to be provided to public authorities and SMEs on existing flexibilities and the adaptation of public procurement rules to this end;

69. Notes that the division of larger contracts into smaller lots could contribute to the shortening and diversification of supply chains, offering better incentives for local SMEs including by facilitating SMEs’ participation in innovation procurements and
pre-commercial procurements, which are generally accessible only to larger groups;

70. Calls for the valuing of ‘Km 0 contracts’ by providing for premium criteria for local businesses, by borrowing in this regard from the European agricultural legislation and shorter supply chains; calls for the possibility for public policy makers to favour contracts with local SMEs to a certain extent;

71. Underlines the importance of working in partnership with national administrators to create a European public procurement market which is based on moderate-sized tenders that allow SMEs to participate in the procurement process, including through the division of larger contracts into smaller lots, and where real and fair competition between market actors can take place, and highlights the need to make the European single procurement document (ESPD) more accessible to SMEs;

72. Instructs its President to forward this resolution to the Council and the Commission.
EXPLANATORY STATEMENT

The Commission communication “An SME strategy for a sustainable and digital Europe” was published the day before the WHO acknowledged the Covid-19 emergency as a pandemic. The main purpose of the rapporteur is therefore to update the Communication’s original contents according to the economic and social changes brought forward by the pandemic, analysing through a pragmatic and inclusive approach the new challenges that are now affecting the 25 million European SMEs currently operating in the internal market. At the same time, the rapporteur intends to stress the essential role that SMEs still have to play, in the medium and long-term, as fundamental pillars for the post-pandemic economic recovery of the continent.

It is well understood that the growth pace of European SMEs was already lower on average than that of non-EU competitors even before the outbreak of the pandemic, because of multifaceted and deep-rooted structural challenges such as limited access to credit, undercapitalisation and severe delays in payments. Excessive administrative burdens have also long affected the growth potential of SMEs’ across the Union; according to the 2019 Business Survey by Eurochambres, administrative procedures do represent a major challenge for no less than 78 % of SMEs. Hyper-regulation reaches particularly alarming levels in some Member States, hindering SMEs’ competitiveness not only within the national business environment but also within the broader European internal market.

At the same time, SMEs’ competitiveness and even survival is increasingly threatened by multilateral forms of unfair competition practices, which arise from the globalised nature of European economy and primarily from the action of non-EU producers that keep relying on lower labour and environmental standards while exporting goods or services to the EU.

The gradual but yet steady exclusion of micro-, small and medium-size enterprises from the national markets of each Member State, as well as from the European internal market, had therefore reached emergency levels long before the outbreak of the Covid-19 pandemic, being responsible for the erosion of the prime tissue of European economy.

Taking these critical points in proper consideration, the Union should develop a modern and viable strategy, which must be capable of overcoming the above-mentioned structural challenges while dealing rapidly and effectively also with the new additional obstacles brought forward by the pandemic.

Such a strategy must pursue the primary objective of regaining competitiveness, both within the internal market and in trade relations with third countries. Urgent measures are especially needed to substantially reduce regulatory burdens (through the adoption of the “one-in, one-out” principle), to improve access to national and EU-level funding in the form of grants rather than loans, and to bridge the digital divide which still involves a worrying percentage of European micro-, small and medium-size enterprises.

Innovation and digitalisation should not privilege exclusively those enterprises whose primary field of work is directly related to innovation; rather, EU and national assistance and financial instruments should be readily accessible also to non-digital and non-innovative enterprises, including those operating in traditional handicrafts, in social services or in the creative industry, which are also in need of a digital upgrade to preserve their competitiveness.
Structural change aimed at making the Union’s legislative ecosystem friendlier towards micro-, small and medium-size enterprises can be achieved in the first place by setting the “Think small first” approach as a foundational principle in the drafting of future legislation, and by maintaining it as such throughout the legislative process (including through the impact-assessment stage).

Micro- and SME-friendly structural change means also protecting micro-, small and medium-sized enterprises from the unfair pressure of market giants, both within and without the Union. EU and national authorities need therefore to strengthen their efforts to protect micro-, small and medium-size enterprises from any abuse of dominant positions by larger groups. Member States should also take swift action to prevent the further destabilisation of the labour market which is already affecting European societies in terms of higher unemployment levels and lowering of labour rights’ standards.

In terms of protection of micro-, small and medium-size enterprises’ competitiveness within the global markets, EU institutions must make a realistic use of trade defence instruments (TDIs) in order to shield European producers and consumers from the de-regulated models of non-EU competitors, and speed-up in this regard the implementation of an effective carbon border mechanism.

Given the unprecedented difficulty of this specific stage in the history of the Union, the Green Deal must represent a sustainable opportunity for micro-, small and medium-size enterprises, both in terms of cost-effectiveness and implementation timetable, and it should take into account the existing asymmetries of the competitiveness gap that hinders European companies vis-a-vis third country competitors. In this regard, involvement of micro-, small and medium-size enterprises and their representatives in each stage of the legislative process will be essential, in order to ensure that the latter goes hand-in-hand with the economic and social needs as well as medium-to long-term competitiveness potential and capabilities of European enterprises.

With reference to the instruments featured in the Recovery Package, the Internal Market distortions triggered by the uneven use of State aid flexibility across Member States need to be given proper consideration, while any restrictions that may be placed on the use of such resources must not undermine the positive impact they are expected to bring forth. Grants must be favoured over loans, so that financial aid does not turn in further debt for states and businesses.

With reference to the next MFF, a careful assessment is necessary in order to prioritise the best performing programmes, bearing in mind that fundamental goals such as simplification, the reduction of bureaucratic obstacles and better communication can no longer be postponed if the Union intends to provide tangible support to European micro-, small and medium-size enterprises.
OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Industry, Research and Energy

on a new strategy for European SMEs
(2020/2131(INI))

Rapporteur for opinion: Geert Bourgeois

SUGGESTIONS

The Committee on International Trade calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Regrets the serious impact of the COVID-19 pandemic, the 2008 global financial crisis and the further disruption that European businesses will experience following the United Kingdom’s departure from the European Union, all of which impacts on the structure of global value chains, by interrupting them or even bringing them to a halt; calls on the Member States to properly implement the Late Payment Directive in respect of all small and medium-sized enterprises (SMEs), as they are among those worst affected by the COVID-19 crisis; calls on the Commission to properly monitor the implementation of the Late Payment Directive; calls for a consistent strategy for European SMEs, in line with the Commission’s European Green Deal, in order to transform our economies and strengthen their resilience through strategic investments to support SMEs; recalls that European SMEs need an open trade policy and requests, in this regard, that the Commission take steps to ensure that trade flows and sustained value chains, including trading routes for freight traffic across the EU, remain open and that long-term measures are implemented to strengthen the European industrial base in order to avoid disruptions to supply chains, maintain Europe’s competitiveness and defend sustainable European SMEs based on a framework of due diligence; welcomes the EU trade policy review – a key tool to overcome the challenges faced by SMEs in international trade; applauds the Commission for having adopted Decision (EU) 2020/1101 of 23 July 2020 in order to extend the validity period on relief from import duties and VAT exemption on importation granted for goods needed to combat the effects of the COVID-19 outbreak in 2020, a decision that alleviates burdens for European SMEs; calls on the Commission to update its SME strategy for a sustainable

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2 OJ L 241, 27.7.2020, p. 36.
and digital Europe of 10 March 2020 in order to adapt to the new circumstances;

2. Welcomes the aforementioned SME strategy and recalls that Europe’s 25 million SMEs are the backbone of the EU economy, as they employ around 100 million people, 13 million of whom work in exports, account for more than half of Europe’s GDP, make up 99% of the EU’s businesses and 66% of its employment, and comprise 87% of all EU exporters, although only 25% of EU-based SMEs export at all and an even smaller portion export beyond the EU; recalls that the proper functioning of the internal market, sustainability and carbon neutrality must remain among the core objectives of EU programmes in order to enable SMEs to take advantage of the green transition in terms of competitiveness, cost reduction and job creation; highlights that due regard should be given to the innovation cycle and market deployment of newly available technologies; stresses that the prosperity of the single market depends on the ability of European SMEs to adapt to the transformation in IT; recognises the role of micro-enterprises and start-ups in the deployment of new technologies; recognises the importance of maintaining strong, consistent and predictable legislation in general and on intellectual property rights in particular, while bearing in mind that just 9% of SMEs in the EU actually protect their intellectual property rights; notes that only a small percentage of firms who export goods outside the EU are SMEs and that global markets are an important source of potential for SMEs to boost competitiveness, economic growth and innovation; notes that frictionless trade and freedom of movement via the single market provide SMEs with the necessary scale and experience to export beyond the EU and access further desirable markets; recalls that the purpose of the Small Business Act for Europe and the think small first principle is to increase competitiveness and support entrepreneurship;

3. Welcomes the particular focus the SME strategy attaches to the EU’s twin transitions to a sustainable and digital economy and to reducing the regulatory burden for SMEs and improving their market access and access to financing; believes that focusing on digital and innovative solutions will increase Europe’s global competitiveness as a whole;

4. Reiterates its strong support for the goal expressed in the Green Deal to introduce a Carbon Border Adjustment (CBA) mechanism; calls on the Commission to bring forward this initiative as part of its Work Programme for 2021; emphasises that the CBA mechanism should be a cornerstone for Europe to achieve carbon neutrality by 2050 and that, in order to actively integrate SMEs, must envisage measures specifically designed to cater to their needs;

5. Welcomes the Commission’s efforts to develop specific tools to facilitate SMEs’ access to third-country markets; calls on the Commission to fully support SMEs in overcoming all tariff and non-tariff barriers that prevent them from accessing third-country markets; recalls the importance of harmonised and simplified customs procedures to help micro-enterprises and SMEs (MSMEs) enter export markets, as these will enhance productivity by accelerating innovation and facilitating spillovers of technology and know-how; welcomes the Commission’s commitment to ensuring legal security for SMEs by including SME chapters in every free trade agreement (FTA), as evidenced by the EU-Japan agreement and the modernised agreement with Mexico, and stresses that these should also be included when existing FTAs come to be revised; reminds the Commission that all SME chapters in trade agreements should include common obstacles for European MSMEs; welcomes the recent appointment of the Commission’s
first ever Chief Trade Enforcement Officer and highlights his important role in ensuring that SMEs derive maximum value from EU trade agreements; calls on the Commission to help reduce administrative and regulatory burdens for SMEs and cut red tape in view of the disproportionate impact of trade and investment barriers, administrative costs and bureaucracy on SMEs; calls on the Commission to support SMEs which focus on green technologies and innovations and are already exporting goods and services to third countries, and thereby foster the conditions for a level playing field; calls on the Commission to work together with the Member States to actively inform SMEs of trade opportunities;

6. Calls on the Commission to be more active in its support for national and regional export agencies and SME business organisations at EU, national and regional levels in order to allow SMEs to overcome the information gap and take better advantage of trade agreements; opines, in this respect, that the Commission could set up an SME internationalisation platform to monitor progress and provide technical assistance to SMEs in accessing new markets; notes that this platform could include circular economy proofing; recalls that the EU Delegations have a crucial role to play in supporting SMEs by addressing their queries and the practical difficulties they face owing to the implementation of FTAs;

7. Calls on the Commission to take account of the specificities of SMEs in all areas of trade and investment negotiations, including those geared towards public procurement chapters in trade agreements, which must facilitate the participation of SMEs; welcomes the Commission’s announcement that it will launch a new information portal to better inform SMEs of trade policies and provide detailed information on customs procedures and the formalities for exporting to third countries; asks the Commission to reach out to businesses at the earliest possible stage when setting up new information portals or improving existing ones to ensure that SMEs are equipped with highly practical information; calls on the Commission to deliver on its objective of launching a self-assessment tool for rules of origin and life cycle analysis, for which particular focus should be placed on risk assessment to help SMEs assess whether a product benefits from preferences under a given trade agreement and how they can take advantage of the strategic diversification of supply chains; reiterates, in this context, the importance of streamlined and simplified rules of origin; reiterates the importance, moreover, of clear rules on cross-border data flows in achieving the objectives of the EU’s digital strategy; highlights the significance of the ongoing multilateral WTO negotiations on e-commerce; calls for a comprehensive and ambitious set of rules to facilitate the free flow of data across borders while guaranteeing EU data protection standards, and to address digital trade barriers including data localisation requirements and ensure that businesses, especially SMEs, can compete globally on a level playing field; reiterates that SMEs will play a pivotal role in scaling up data-driven technologies and businesses; underlines the need to promote interoperability and access to data worldwide in order to optimise various processes in international trade; calls on the Commission to facilitate SMEs’ access to public tenders and to factor its public procurement policy into the goals outlined in the Green Deal, such as advancing a circular economy and increasing the resilience of supply chains for public goods;

8. Recalls that access to financing is essential for SMEs in view of the fact that it is harder to accessing finance in some Member States than others; calls on the Commission to address this financial access gap and ensure that SMEs compete on a level playing field;
asks the European Investment Bank to pay particular attention to SMEs when defining its policies; draws particular attention to SMEs, which need funding, technical assistance and a less onerous regulatory burden to comply with the Green Deal and digitalisation objectives in order to remain competitive; draws attention to the need to make progress on the investment facilitation agreement and e-Commerce Directive\(^3\) and to continue work on a multilateral services agreement; stresses that digitalisation offers a number of benefits to SMEs, such as providing new opportunities to offer digital services or products and greater market access, while underlining the fact that SMEs still need support to access funding, information, skills and technology; notes that the Commission needs to remove barriers to green growth and eco-innovation for SMEs to ensure that the Green Deal is an economic opportunity; calls for efforts to facilitate, as far as possible, SMEs’ access to finance, including easy access to research and development funding and the provision of enhanced technical support, with a view to accelerating and taking advantage of the green and digital transformation;

9. Calls on the Commission to implement the EU’s safeguard and trade defence instruments effectively in order to better protect European industry, in particular when it affects sectors with a majority of SMEs; recognises that the world is facing unprecedented and unforeseeable challenges, which necessitates an EU-wide plan for smart reshoring and certain strategic sectors, the diversification of supply lines and open strategic autonomy as part of the strategy for European SMEs; stresses the need for strong social safeguards and social inclusion in the SME strategy in the context of trade; underlines the need to focus on the implementation and enforcement of the EU’s trade agreements in order to guard against breaches of both market access and trade and sustainable development commitments and thus address market distortions effectively and ensure that SMEs are not put at a competitive disadvantage; urges the Commission, in this regard, to enhance the role of the SME Trade Defence Helpdesk to further increase support for SMEs in accessing trade defence instruments and enhance communication on the tools available for addressing unfairly traded imports; highlights the European Court of Auditors Special Report of July 2020\(^4\), which pointed out that although trade defence investigations involve a substantial administrative burden for the parties concerned, they are a legal necessity; warns, however, that support for SMEs to access trade defence procedures has not been sufficient and that trade defence instruments are not promoted enough across all sectors of European industry; urges the Commission, in this context, to increase assistance and outreach for SMEs in particular; calls for the EU to take due heed of the interests of security and public order regarding incoming foreign direct investment and acquisitions and to combine these with a pan-EU screening coordination mechanism, especially for strategic sectors; urges the Commission to raise greater awareness among stakeholders about trade defence instruments and to increase its support for SMEs in facilitating their access thereto; asks, in this regard, that the Commission provide for a more accessible mechanism for SMEs to lodge their complaints in cases of unfair trade practices; calls for the Commission to impose measures as quickly as possible in investigations where SMEs are prominent;

10. Calls on the Commission to continue its efforts to support MSMEs, attaching specific


\(^4\) Special Report No 17/2020 entitled ‘Trade defence instruments: system for protecting EU businesses from dumped and subsidised imports functions well’.
focus to and introducing measures for those led by women; calls for the EU and its Member States to pay particular attention to the special circumstances of women-led MSMEs when establishing export helpdesks, to take advantage of the possibilities heralded by FTAs and to strengthen services, technologies and infrastructures (such as internet access), which are of particular importance to the economic empowerment of women and women-led MSMEs; calls on the Commission to help set up partnerships between female entrepreneurs in the EU and their counterparts in developing countries;

11. Welcomes the Commission’s commitment to introducing a one in, one out principle when creating new laws, which would be a first step to stem the tide of new regulation and cut red tape, but recalls that it merely maintains the status quo – an insufficient ambition; calls for greater clarity on how the Commission intends to integrate this principle in terms of trade policy;

12. Calls on the Commission to present a roadmap towards cutting at least 30 % of outdated rules and regulations that affect SMEs, in order to alleviate administrative burdens and cost pressure, promote competitiveness and make a genuine impact to enable SMEs to grow and prosper in the EU.
INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

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| Members present for the final vote | Barry Andrews, Anna-Michelle Asimakopoulou, Tiziana Beghin, Geert Bourgeois, Saskia Bricmont, Udo Bullmann, Jordi Cañas, Daniel Caspary, Anna Cavazzini, Miroslav Číž, Arnaud Danjean, Paolo De Castro, Emmanouil Fragkos, Raphaël Glucksmann, Markéta Gregorová, Enikő Győri, Roman Haider, Christophe Hansen, Danuta Maria Hübner, Herve Juvin, Maximilian Krah, Danilo Oscar Lancini, Bernd Lange, Gabriel Mato, Emmanuel Maurel, Carles Puigdemont i Casamajó, Samira Rafaela, Inma Rodríguez-Piñero, Massimiliano Salini, Helmut Scholz, Liesje Schreinemacher, Dominik Tarczyński, Mihai Tudose, Kathleen Van Brempt, Marie-Pierre Vedrenne, Jörgen Warborn, Jan Zahradil |

| Substitutes present for the final vote | Marek Belka, Markus Buchheit, Seán Kelly, Urmas Paet, Manuela Ripa, Angelika Winzig |
### FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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**Key to symbols:**
- + : in favour
- - : against
- 0 : abstention
6.10.2020

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Industry, Research and Energy

on a new strategy for European SMEs
(2020/2131(INI))

Rapporteur for opinion: Atidzhe Alieva-Veli

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

A. whereas micro, small and medium-sized enterprises (SMEs) are defined in the Commission recommendation of 6 May 2003 (C(2003)1422);

B. whereas 99 % of European businesses are SMEs; whereas they account for 50 % of the EU’s GDP and employ around 100 million people\(^1\), corresponding to two thirds of all jobs in the private sector, making them the backbone of the European economy and putting them among the key players in fostering the attractiveness of territories and the development of strategic industrial ecosystems;

C. whereas SMEs provide two out of three jobs, bring training opportunities across regions and sectors, including for low-skilled workers, and support society’s welfare, including in remote and rural areas\(^2\);

D. whereas European SMEs face a huge lack of investment, estimated to range between EUR 20 and 35 billion, in spite of the support of the EU and its Member States;

E. whereas SMEs are facing tremendous challenges as a result of the COVID-19 crisis and many of them are facing the risk of bankruptcy;

F. whereas the Commission put forward commitments in its strategy for small and medium-sized enterprises published in March 2020 (COM(2020)0103);


G. whereas complex administrative and legal procedures constitute a significant obstacle for SMEs in making their business more resource efficient;

H. whereas over 70% of firms report access to talent as an obstacle to new investment across the EU-10; whereas the availability of skilled staff and experienced managers has become the most pressing problem experienced by SMEs in the EU over the years; whereas the skills shortage is particularly acute in relation to digitalisation and new technologies, as 35% of the labour force have low or no digital skills;

1. Underlines the decisive contribution of SMEs, including family businesses, to innovation, including to social innovation, job creation, and to building an inclusive and resilient labour market, also in cross-border regions, boosting investments, competitiveness, entrepreneurship and sustainable growth; is extremely concerned about the rising unemployment rates in the EU and the risk of millions of people losing their jobs as a result of the COVID-19 crisis, especially within the most vulnerable social groups, and about the enormous difficulties SMEs are encountering due to this crisis; recognises that at present SMEs are faced with severe liquidity problems; highlights, in this context, the urgent need to facilitate access to funding and to take short- and long-term measures to support SMEs in the recovery; underlines further that this should allow sustainable and targeted finance to bridge the current investment gap and to reinforce SMEs’ resilience and ability to innovate and move towards more digital and sustainable, resource-efficient, circular and climate-neutral solutions, thereby facilitating the successful implementation of the digital agenda, the European Green Deal and the related just transition and securing Europe’s strategic industries and services, stimulating the economy, supporting employment, and ensuring that no one is left behind;

2. Stresses that SMEs play an important role in ensuring environmentally, socially and economically sustainable growth;

3. Considers that the development of the circular economy represents an opportunity for SMEs by creating jobs and new markets, as well as increased business efficiency;

4. Underlines that Union legislation must be SME-friendly; calls on the Commission for a strict application of the ‘SME test’, which would help in implementing the important ‘Think Small Principle’ to realise the full potential of the EU single market; supports the Commission’s plans to appoint an EU SME envoy to address and facilitate SME-related issues and solutions;

5. Welcomes the fact that the Commission’s SME strategy addresses the simplification efforts as one of three cornerstones of the EU’s work with SMEs; considers the reduction of red tape to be an important prerequisite for the ability of the economy to recover, innovate and to make the transition to, among other things, climate-smart production, as well as being a prerequisite for EU companies’ competitiveness;

6. Considers the removal of all unnecessary regulatory burdens, via a regular assessment of administrative requirements, and the simplification of the rules on access to finance for SMEs and genuinely self-employed persons to be a cornerstone of the new European

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4 https://ec.europa.eu/docsroom/documents/38462
SME strategy in view of the need to support a speedy economic recovery and enhanced job creation; highlights that the efficiency and stability of the regulatory environment is best achieved by the involvement of the social partners in the decision-making process;

7. Highlights that SMEs in the process of undergoing sustainable and digital transitions, will need special policy attention and accompanying measures; stresses that the COVID-19 pandemic has underlined the importance of digital solutions, particularly teleworking, as they offer numerous opportunities, among which are enhanced employment opportunities for persons with disabilities, reduced CO₂ emissions related to the daily commute, flexible patterns of work organisation, better work-life balance and opportunities for SMEs to significantly improve their productivity, business management and resilience, while at the same time they give rise to concerns as regards privacy and occupational health and safety; calls on the Commission to propose a legislative framework laying down clear common minimum standards and conditions for remote work in the EU, in order to protect the health and safety of workers, and at the same time support European SMEs’ productivity and competitiveness;

8. Considers, furthermore, that an ambitious policy agenda with a clear timetable is needed to harmonise digital aspects of the single market and foster e-government solutions; calls for the standardisation and digitalisation of administrative procedures and forms, which will help SMEs in the long term;

9. Stresses that programmes crucial for SMEs’ competitiveness and development, which are included in the next Multiannual Financial Framework (MFF), should be guaranteed a sufficient level of funding;

10. Considers that the EU recovery instruments and the relevant MFF programmes should be fully utilised to complement national schemes, supporting SMEs, particularly in the sectors and regions most affected by the pandemic, including SMEs that are active in border regions which have been severely affected by the closure of borders between Member States, in order to preserve jobs, income and know-how, and to strive to ensure the EU’s strategic industrial autonomy, innovation and technological leadership; recalls, furthermore, that these instruments must contribute to achieving the objectives of sustainable development and to the implementation of the principles of the European Pillar of Social Rights and the Paris Agreement;

11. Calls on the Commission to ensure complementarity between the objectives of the European SME strategy, the new circular economy action plan, the updated skills agenda for Europe and the European industrial strategy; calls, furthermore, on the Commission and the Member States to better coordinate the different funding instruments for SMEs;

12. Recalls, in this context, the importance of technical assistance for SMEs and the self-employed, especially in the initial phase of implementation of European funds and programmes;

13. Highlights that the SME strategy should facilitate SMEs’ access to finance, even for very small projects and suitable tools for crowdfunding; in this context, calls on Member States to improve access to smaller-scale credits;

14. Underlines that SMEs need to have access to public procurement tenders, as public
procurement will provide a lever to boost the recovery; stresses, in this context, that unfair selection criteria should be tackled;

15. Stresses that SME-related actions should be at the core of the EU’s policies and initiatives, particularly those relating to the economic recovery, and digital and green transitions, and should go hand in hand with measures to promote entrepreneurship and to protect all workers; stresses, in this regard, the need to ensure respect for the principle of equal treatment of workers and fair working and employment conditions for all, including mobile workers;

16. Stresses the need to further facilitate the access of SMEs and self-employed persons to the single market and to promote labour mobility; emphasises that good coordination between Member States and regions is crucial to ensure that SMEs and self-employed persons involved in cross-border activities, as well as cross-border, seasonal, frontier workers and posted workers, are protected; calls for guarantees that clear and transparent information is accessible to companies, the self-employed and workers regarding the rules they need to respect and the rights which they enjoy, including through one-stop-shop online portals;

17. Considers the improvement and implementation of EU rules on coordination of social security systems as essential for labour mobility and protecting workers, in particular those in precarious situations; underlines, in this regard, the need to find a swift and balanced agreement on the revision of Regulations (EC) No 883/2004 and (EC) No 987/2009 on the coordination of social security systems;

18. Calls on the Commission to introduce a European Social Security Number, to provide legal certainty for workers and facilitate the work of businesses, in particular SMEs, which provide cross-border services, while effectively controlling subcontracting practices and combating social fraud; in this context, urges Member States to ensure the proper implementation and enforcement of Union law to facilitate the free movement and social protection of workers, as well as the cross-border provision of services, thereby ensuring a level playing field in the single market;

19. Recalls that the free movement of workers is a fundamental right central to the single market; recalls, furthermore, the importance of fostering labour mobility across Europe; stresses that, while an important set of measures has been taken to support companies in reacting to the coronavirus outbreak, a specific focus must now be placed on mitigating the long-term effects of the crisis;

20. Recalls that all workers in the single market must have the right to enjoy the highest possible level of protection as regards health and safety at work, regardless of the size of the company which employs them, the place of employment or the underlying contract;

21. Calls for the systematic application of health and safety measures in the workplace, and welcomes the guidelines of the European Agency for Safety and Health at Work (EU-OSHA) as well as point 8 of the Commission Statement following the presentation of Commission Directive (EU) 2020/739 in respect of the prevention and protection of the health and safety of workers that are or can be occupationally exposed to SARS-CoV-2; considers that such guidelines, including written instructions, should be further

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developed and be based on regular consultations with the relevant stakeholders in order to provide a coordinated, up-to-date and efficient response in case of future cross-border threats to public health;

22. Encourages the Member States to raise awareness of occupational safety and health and to take all necessary actions to ensure the safety and health of workers, including through inspections, where and when necessary; considers also that SMEs employing seasonal and cross-border workers deserve special protection;

23. Stresses the need to ensure the efficient and rapid implementation of health protocols, as well as their application by workers in the various occupational sectors, in particular through on-the-job training;

24. Awaits the Commission’s proposal on the new occupational safety and healthy strategy for 2021-2027 that is to include the vision of zero fatal and severe work-related injuries and diseases; calls on the Commission to revise the Directive on Health and Safety at Work;

25. Acknowledges the specific situation of SMEs with regard to implementing statutory health and safety measures at company level; underlines that awareness-raising, the exchange of good practices, consultation, user-friendly guides and online platforms are of the utmost importance to help SMEs to comply with the regulatory requirements; welcomes the EU-OSHA’s online interactive risk assessment (OiRA), as well as other e-tools in the Member States that aim to promote compliance and a culture of prevention, in particular in micro and small enterprises;

26. Calls on the Commission to ensure that workers have the right to information, consultation and participation, and also to include this principle in the SME strategy; underlines the need for a meaningful involvement of workers and their representatives at company level, also with regard to decisions on decarbonisation and digitalisation; stresses the importance of an effective social dialogue and the need to strengthen the social partners, to extend collective bargaining coverage and to take measures to promote a high density of trade unions and employers’ associations in the context of the new SME strategy;

27. Calls on the Commission and Member States to urgently support businesses, especially SMEs, by reducing unnecessary administrative burdens and by facilitating their access to liquidity; welcomes, in this respect, the instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) proposed by the Commission; calls on the Commission and the Member States to ensure that alternative financing options, such as credit unions and private equity investors, are available to SMEs; calls for the establishment of capacity-building programmes, within the Recovery plan, aimed at helping SMEs, particularly micro SMEs, to readjust their businesses to COVID-19 affected markets;

28. Welcomes the financial relief provided by the Commission in saving jobs via the SURE instrument and believes that a European Unemployment Reinsurance Scheme could be a further tool to accompany the just transition to a circular, climate-neutral and digital economy, and contribute to the resilience of the European economy and European SMEs in particular; awaits the Commission’s proposal as announced by Commission President von der Leyen in this regard;
29. Stresses that policies targeting SMEs and start-ups must not provide opportunities for businesses to circumvent existing rules, lower the protection of workers and consumers, or increase the risk of corporate fraud, criminal activities and letter box companies; recalls that Parliament rejected the controversial Commission proposal on a European services e-card in this regard;

30. Stresses that fair competition is a fundamental principle of the single market; warns that a race to the bottom as regards employment, social security and taxation standards, including through artificial arrangements, is in sharp contrast to fair competition based on quality and sustainable development; underlines that social dumping is first and foremost at the expense of workers, consumers and law-abiding SMEs;

31. Highlights that unfair competition in the single market damages law-abiding companies, in particular SMEs; calls on the Commission and the Member States to take decisive measures to tackle unfair competition, which includes undeclared work; stresses, furthermore, that unfair competition in the digital economy should also be addressed;

32. Takes the view that tax policies for SMEs should favour sustainable development and the creation of quality jobs;

33. Underlines that advanced disruptive technologies, such as blockchain and artificial intelligence (AI), cloud and high-performance computing (HPC), can boost the competitiveness of SMEs; stresses the need to raise awareness about the great potential of AI-based solutions and the risks they may pose; highlights the need for research into the societal changes caused by AI; calls on the EU to support the digital and green transitions by investing in AI guaranteeing the human-in-control principle, in lifelong learning, in reskilling and upskilling initiatives to foster digital literacy, focused on SMEs’ uptake of human, social and advanced digital skills and qualifications for the future occupations and sectors that will emerge from the transition to a sustainable, climate-neutral economy; highlights the need to modernise the system of vocational education and training, and to improve qualifications, in particular as regards digital skills; stresses, as a matter of priority, the need to address the mismatch between skills/qualifications and the needs of the labour market;

34. Calls, in this regard, on the Commission and the Member States to promote, reinforce and support apprenticeships in order to facilitate the sustainable integration of young people into the labour market; underlines that entrepreneurial education and training that enhances business knowledge and skills plays a key role in making SMEs fit for the single market; calls for the best use of the European Social Fund+ to address these challenges;

35. Emphasises, in this regard, the possibilities of overcoming the mismatch between skills and qualifications by making better use of the cross-border labour market;

36. Considers that the image of an SME as an attractive employer, based on good working and employment conditions, is an important competitive advantage for the recruitment of qualified staff; stresses the importance of in-company training and education;

37. Stresses that entrepreneurship is an important driver for smart, sustainable and inclusive economic growth and competitiveness, and a powerful tool to promote social inclusion; calls on the Commission and the Member States to foster and support the development
of the entrepreneurial spirit and entrepreneurial skills, and to facilitate the establishment of new business models for SMEs; calls, furthermore, on the Member States to make use of the future European Social Fund+ and of the new possibilities to invest European Regional Development Funds in developing skills for smart specialisation, industrial transition and entrepreneurship;

38. Underlines the importance of boosting entrepreneurship, including among women and young people; calls on the Commission and the Member States to encourage and actively support female entrepreneurship at European and national level, in particular through better access to finance or training, and by ensuring a better work-life balance, as women are one of the groups suffering most from the COVID-19 crisis;

39. Highlights that women remain under-represented across occupation and management levels\(^6\) and welcomes the Commission’s initiatives with a particular focus on empowering women and improving the gender balance within the European SME ecosystem;

40. Calls for the elimination of any wage discrimination on the grounds of age or gender and for the Member States to ensure, in line with national law and practice, that all workers are entitled to decent wages either through collective agreements or through statutory minimum wages;

41. Stresses that SMEs must make their contribution to overcome the gender employment, pay and pension gap in the labour market, among other things, by providing or supporting childcare facilities, carers’ leave and flexible working hours for carers, as well as by ensuring equal pay for equal work and pay transparency;

42. Highlights the importance of the social and solidarity-based economy, which provides employment for more than 11 million people\(^7\); underlines, furthermore, the potential of social economy enterprises and social impact investment to facilitate labour market inclusion for persons with disabilities and other vulnerable groups; insists on the need to support social and solidarity-based enterprises by creating a favourable environment for their development; calls on the Commission and the Member States to promote the establishment and the work of social and solidarity-based enterprises;

43. Calls on the Commission to recognise, promote and protect inclusive SMEs to create permanent employment for persons with disabilities in the labour market; stresses the potential of social economy enterprises and organisations to facilitate labour market inclusion for persons with disabilities; stresses further the importance of providing targeted support from the European Social Fund for the social economy; recalls that SMEs run by vulnerable groups have a harder time accessing finance and need targeted support;

44. Recommends strengthening the exchange of SME-focused initiatives, which have proven to be successful, and the exchange of best practices among the Member States; recommends, furthermore, the establishment of platforms for exchanges among SMEs


\(^7\) https://ec.europa.eu/growth/sectors/social-economy_en
that are developing innovative breakthrough technologies; welcomes, in this context, the
Commission’s proposal to launch a programme for ‘digital volunteers’ to allow skilled
young people and experienced older people to share their digital competence with
traditional businesses; stresses the importance of fostering further cooperation between
SMEs, research institutes, universities and the education sector to make sure that skills
match the labour market’s needs;

45. Calls for the swift implementation of the European patent to promote SMEs’ innovation
potential;

46. Considers that a new strategy for European SMEs can only succeed through integrated
strategic planning, pooling the resources of European players, regional and local
institutions, industrial clusters, the social partners, universities and research groups;
highlights, in this context, the importance of support structures, such as SME networks,
one-stop-shops and regional development agencies, innovation clusters and start-up
counselling, for the creation of local and regional value chains;

47. Is of the opinion that preventing companies from going bankrupt is key to preserve jobs
and ensure a sustainable economic recovery; considers that the EU should therefore
develop and reinforce early warning mechanisms to identify companies in distress and
help them avoid insolvency; considers that European funding and programmes should
be redirected along these lines;

48. Recalls that microenterprises and the self-employed have been strongly affected by the
COVID-19 crisis; stresses that SMEs, microenterprises and the self-employed often find
it difficult to access the aid mechanisms put in place by the Member States, in particular
the short-time work arrangements that are essential for job protection; welcomes, in this
regard, the recent amendment of the State aid temporary framework enabling Member
States to provide public support to all micro and small companies; expresses its concern,
however, about the uneven distribution of State aid; recalls that State aid should not lead
to distortion in the single market;

49. Calls on Member States to develop active labour market policies, foster research and
innovation, and provide good quality public services and infrastructures, also in order to
encourage private sector investment in SMEs;

50. Calls on the Commission to consider the need to establish a one-stop-shop aimed at
supporting the internationalisation of SMEs, for example by providing information on
funds and grants for technical feasibility studies of innovative business products and
other relevant information on internationalisation;

51. Considers that the withdrawal of the United Kingdom (UK) from the European Union
has affected SMEs in the EU negatively, especially those doing daily business with the
UK; stresses that the new partnership with the UK should pay special attention to the
specific situation of SMEs and calls on the EU and the UK to work towards the
simplification of requirements and formalities for customs procedures for SMEs in
order to avoid any additional administrative burdens and encourages the Parties to set
up SME contact points.
### INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

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| **Result of final vote** | +: 36  
-: 6  
0: 13 |
| **Members present for the final vote** | Atidzhe Alieva-Veli, Abir Al-Sahlani, Marc Angel, Dominique Bilde, Gabriele Bischoff, Vilija Blinkevičiūtė, Andrea Boeskor, Milan Brglez, Sylvie Brunet, David Casa, Leila Chaibi, Margarita de la Pisa Carrión, Klára Dobrev, Jaroslav Duda, Estrella Durá Ferrandis, Lucia Đuriš Nicholsonová, Rosa Estarás Ferragut, Nicolaus Fest, Loucas Fourlas, Cindy Franssen, Heléne Fritzon, Helmut Geuking, Alicia Homs Ginel, France Jamet, Agnes Jongerius, Radan Kanev, Ádám Kósa, Stelios Kypouroupoulos, Katrin Langenstepen, Miriam Lexmann, Elena Lizzi, Radka Maxová, Kira Marie Peter-Hansen, Dragoș Pîslaru, Manuel Pizarro, Dennis Radtke, Elżbieta Rafalska, Guido Reil, Daniela Rondinelli, Mounir Satouri, Monica Semedo, Beata Szydło, Eugen Tomac, Romana Tomc, Marie-Pierre Vedrenne, Marianne Vind, Maria Walsh, Stefania Zambelli, Tatjana Ždanoka |
| **Substitutes present for the final vote** | Konstantinos Arvanitis, Brando Benifei, Marc Botenga, Samira Rafaela, Eugenia Rodríguez Palop, Anne Sander |
**FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION**

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<td>Verts/ALE</td>
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| **6** | **-** |
| GUE/NGL | Konstantinos Arvanitis, Marc Botenga, Leila Chaibi, Eugenia Rodríguez Palop |
| ID | Nicolaus Fest, Guido Reil |

| **13** | **0** |
| Renew | Radka Maxová |

**Key to symbols:**
+ : in favour
- : against
0 : abstention
28.9.2020

OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION

for the Committee on Industry, Research and Energy

on a new strategy for European SMEs
(2020/2131(INI))

Rapporteur for opinion: Liesje Schreinemacher

SUGGESTIONS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

A. whereas SMEs are the backbone of the European economy and account for 99 % of EU companies;

B. whereas European SMEs are currently experiencing unprecedented challenges because of the COVID-19 crisis that threatens their very existence;

C. whereas only 17 % of SMEs have so far successfully integrated digital technology into their businesses and digitalisation is crucial for strong economic growth and job creation within the internal market;

1. Welcomes the SME strategy and shares the Commission’s view that SMEs are the backbone of the European economy and are absolutely essential to the EU’s prosperity;

2. Considers that the SME strategy should go hand in hand with the European Industrial Strategy, and calls on the Commission to take further action in light of the lessons learnt from the COVID-19 crisis and of the Recovery Package in order to boost economic growth and job creation within the single market;

3. Encourages the Commission to further support European SMEs in addressing both the short-term consequences of the crisis and long-term challenges such as digitalisation and the transition to a more sustainable internal market;

4. Insists that sustainability needs to remain a core objective of relevant EU programmes so that SMEs can take full advantage of the sustainable transition in terms of competitiveness, cost reduction and job creation;
5. Stresses that the implementation of the SME strategy should focus on supporting SMEs to help them maintain their existence, as the COVID-19 crisis has delivered a massive shock to many SMEs and their role in the everyday life of Europeans; considers it appropriate, in this regard, for the strategy to be updated where necessary to take account of the impact of the pandemic;

6. Stresses that in times of crisis the free movement of essential goods and services must be guaranteed within the internal market; calls on the Commission to swiftly propose new tools to avoid any disruption of the internal market during future crises and to take account of SMEs’ specific needs;

7. Notes that maintaining the existence of SMEs is already the subject of Member States’ individual policies; urges, therefore, that the strategy and these policies complement each other in order to stimulate robust and long-lasting recovery on the part of SMEs;

8. Recalls that SMEs were already facing difficulties prior to the COVID-19 crisis, in particular as regards access to finance, including easy access to R&D funds, markets, technical support and information; calls, therefore, for enhanced support in these areas, such as in the form of reinforced one-stop shops and streamlined and easily accessible regulatory and administrative procedures; accordingly stresses the importance of adopting an ambitious strategy to ensure that SMEs can recover and thrive;

9. Underlines that action should also be taken to prevent shutdowns, assess and restore disrupted supply and value chains, support the scaling-up of SMEs, and enhance their cross-border activities in order to maximise the potential benefits of the single market;

10. Calls for the synchronisation of all financial tools aimed at supporting SMEs within the internal market; insists that programmes that are crucial for SMEs’ competitiveness, development and resilience in the face of the crisis must be strengthened in the next Multiannual Financial Framework to guarantee the necessary level of funding; calls on the European Investment Bank to continue its support for SMEs, in particular as part of the sustainable finance approach;

11. Points out the added value provided by the EU MFF in terms of supporting SMEs, in particular with regard to the Single Market Programme, InvestEU, Digital Europe, Horizon Europe and other programmes; considers that the SME window of the Single Market Programme should maintain the level of ambition of Parliament’s position, and therefore highlights the importance of the swift adoption of the MFF and of the Next Generation EU instrument;

12. Welcomes the inclusion among the actions identified by the Commission that regarding measures to create an environment that is friendly to micro, small and medium-sized enterprises (MSMEs); notes that fostering the generational transition in traditional craft enterprises, some of which are at risk of extinction, can not only be an effective way to encourage self-starting entrepreneurship, but is also a means to promote Europe’s heritage of craft-related knowledge, traditions and skills; points out that it would be useful to provide for incentives for cross-generational projects that can combine the artisanal crafts tradition with digitalisation, through the involvement of young people at the end of a training pathway;

13. Notes that MSMEs should be subject to obligations that are proportionate taking into
account their specificities and sectoral characteristics; encourages the Commission to take strong enforcement action to limit market fragmentation, remove unjustified market barriers and ensure a level playing field, by making use of all available tools and bodies, such as the SME Envoy Network and the Regulatory Scrutiny Board, with the aim of lowering costs and strengthening SMEs’ activities;

14. Stresses that excessive regulation is particularly burdensome for SMEs; considers, therefore, that in order to achieve the goals of the SME strategy, greater emphasis must be placed on the proportionality of any new regulatory initiative;

15. Calls for a roadmap towards achieving a proportionate reduction in administrative burdens in order to boost SMEs’ potential for investment and speed up economic recovery in the EU, including the following elements:

- supporting SMEs in operating cross-border and thus fully reaping the benefits of the internal market;

- encouraging scale-up;

- making effective use of the SME test performed at an early stage of impact assessments to analyse the economic impact of legislative proposals, including compliance costs;

16. Insists that SMEs should receive targeted support - i.e. technical, administrative and skills support - when implementing the EU regulatory framework, in order to ensure compliance with single market rules;

17. Recognises the support provided by the State Aid Temporary Framework and welcomes its recent amendment enabling Member States to provide public support to all MSMEs; however, urges the Commission, in the interim, to ensure that the temporary frameworks approved for state aid do not distort competition in the medium and long term and in consequence adversely affect SMEs, which are the major beneficiaries;

18. Highlights the crucial role of data, as well as transfer of technology from academia to SMEs, as being the lifeblood of the digital economy; points out the existence of market imbalances and obstacles in access to data that affect SMEs’ competitiveness, and underlines that SMEs must receive a fair share of the added value of the data they generate, stressing that non-discriminatory access to data is key to ensuring a digital level playing field within the internal market; welcomes the European Data Strategy in this regard; supports the Commission in promoting interoperability and establishing European data spaces for trusted and secure non-personal data sharing in order to ramp up data flows between businesses, relevant stakeholders, and the public sector; stresses the importance of open data and knowledge sharing via open technologies for SMEs, in full compliance with the applicable legislation;

19. Points out that there is a need to facilitate SMEs’ access to and uptake of artificial intelligence (AI) in line with the future ethical and liability framework, by promoting the creation of SME cross-border ‘Alliances for AI’ in strategic value chains within the internal market, as well as promoting investment in the next generation of standards, tools and infrastructures to store and process data; points out that it is important to ensure SMEs’ access to and awareness of ICT standards in order to innovate and
provide more tailored digital solutions;

20. Points out that SMEs face difficulties in protecting their intellectual property (IP) rights and protecting themselves from aggressive patent litigation, which can threaten their development; calls on the Commission to increase IP awareness, make more use of external advice and ensure appropriate enforcement;

21. Stresses that digitalisation offers many benefits to SMEs, such as providing new opportunities to offer digital services or products and expanding their market access; points out that SMEs are increasingly under pressure to adapt their business models accordingly and adopt the necessary digital technologies in order to remain competitive and attractive to customers;

22. Stresses that SMEs, and especially start-ups, have enormous potential to grow in new digital sectors such as AI, the Internet of Things (IOT) and robotics, but highlights that if they are to be successful in the digital transformation, SMEs must be adequately supported and must have access to sufficient financial resources and infrastructure;

23. Underlines the opportunities for SMEs to reach new customers and markets offered by e-commerce; highlights the added value of legislation in this regard such as the Platform-to-Business Regulation and calls for its swift implementation and enforcement;

24. Warns that a persistent risk of unfair competition exists in e-commerce, also due to the presence of non-compliant, illegal or unsafe products in online marketplaces targeting EU consumers;

25. Stresses that equal access to investment for SMEs remains a challenge in the EU, considering the greater difficulties of access to finance in some Member States, thus leading to discrepancies in competitiveness between SMEs in the single market; calls on the Commission to address this financial access gap, without undermining the relevance of prudential requirements, so as to ensure that SMEs compete on an increasingly level playing field;

26. Encourages Member States to implement the single digital gateway in an SME-friendly way by cooperating closely with regional and local authorities as well as with the other Member States, and by providing easy digital access to information, procedures, assistance and services linked to doing business across borders, including advice on public procurement and funding sources;

27. Points out that urgent measures in this regard, such as those relating to the extended digitalisation of the relationship between government departments and enterprises, and to the interoperability of government databases, can no longer be postponed;

28. Welcomes the SME Envoy Network, which makes it possible to take better account of the end-user in future legislation; suggests, however, a critical assessment of its appointment process and functioning in order to address potential weaknesses and ensure that it works efficiently in all Member States, in continuous coordination with the relevant business associations and stakeholders;

29. Stresses the need to utilise the European Public Procurement GovTech Platform (EU
GovTech) to carefully monitor the state of SME engagement in procurement challenges across the EU, guiding the subsequent formulation of good practices and higher legislative standards;

30. Calls on the Commission to launch as soon as possible the European GovTech Initiative to promote best practices in creating a synergy effect between the government and start-ups and digital SMEs, and to facilitate the use among several Member States of a cross-border tool promoting equal market access for European digital SMEs;

31. Calls on the Commission and the Member States to simplify procurement tendering processes by using the flexibility of the Commission’s new guidance within the current EU public procurement framework, and to enhance opportunities for SMEs in the single market, such as the possibility of subdividing procurement into smaller lots and the streamlining of administrative procedures, as well as by using digital tools and platforms to expand national and cross-border procurement;

32. Stresses that sustainable public procurement can contribute as a strategic tool to boosting sustainable production and consumption patterns; encourages in that regard the use of economic, social and environmental criteria in the procurement process in full compliance with the applicable legislation, and stresses that SMEs need the right support to bring forward this transition;

33. Notes that with total procurement spending within the EU reaching 14 % of the combined GDP of the Member States, increasing the participation rate of SMEs in tenders represents a significant funding opportunity for them; stresses that achieving this aim requires the utilisation of new procurement methodologies and tools to put them into practice, making the best use of the current EU public procurement legislation and of the flexibility already provided within this framework;

34. Underlines the importance of making the European Single Procurement Document (ESPD) more accessible to SMEs; calls for the creation of digital tools such as platforms for enhancing access to relevant public procurement information for SMEs;

35. Underlines the fact that late payments account for a quarter of all SME bankruptcies in the EU; urges the Commission to swiftly equip the Late Payment Directive¹ with strong monitoring and enforcement tools and to take appropriate binding measures to reinforce the current framework, so as to ensure and promote prompt payments as a norm, in particular for government-to-business transactions, across the single market; calls on authorities at European, national, regional and local level to set the right example by paying SMEs on time; encourages in this context an active use of infringement procedures in cases where the directive is not properly implemented.

### INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

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**Key to symbols:**
+ : in favour
- : against
0 : abstention
SUGGESTIONS

The Committee on Transport and Tourism calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

A. whereas micro, small and medium-sized enterprises (MSMEs) and start-ups in the transport and tourism sectors are being most affected by the COVID-19 outbreak, with a considerable number of these enterprises on the verge of insolvency, owing to the enforcement of mobility restrictions, the health protocols in hospitality establishments and the consequent drop in demand for passenger transport; whereas the current context also gives grounds for a European tourism policy, supported by a budget line in the next multiannual financial framework and for urgent and innovative measures that put transport in the centre of a rapid restart of the economic recovery; whereas transport and tourism are sectors which have an impact on the state of the environment; whereas SMEs and start-ups will play a crucial role in the transition towards sustainable transport and tourism;

B. whereas MSMEs, both at national and EU level, are simultaneously very complex and heterogeneous given their size and the very diverse sectors of activity they cover, each with their own – and at times very different – dynamics, particularly the economic, financial, social or even political dynamics that characterise them; whereas a fair level playing field should be maintained for SMEs in the transport and the tourism sectors;

C. whereas the number of SMEs operating in the transport and tourism sectors has increased to one and two million, respectively, and they are directly responsible for a total of more than 16 million jobs; whereas SMEs make up the vast majority of businesses in the transport sector and thus possess the greatest potential to create jobs and stimulate economic progress;

D. whereas the transport sector is strategic for the development of the Member States and
the EU, for their economic, social and territorial cohesion, for the functioning of their economy and for the mobility of their populations; whereas SMEs in these sectors face several constraints to their operation, ranging from tolls or a lack of support infrastructure, among other things; whereas it would be important to ensure the reduction of bureaucracy for micro enterprises and SMEs and the assessment of the implementation of all new EU legislation with a negative impact on or which disproportionally hinders micro and SME operators on the internal transport market;

E. whereas the tourism sector is central to the economy of several Member States; whereas this sector has a seasonal profile and could benefit from a common EU approach and policy;

F. whereas, following the COVID-19 outbreak, Member States have to provide the necessary support they are able to give to their SMEs, especially by taking advantage of the flexibility of State aid rules, without exacerbating existing competition distortions between SMEs from different countries in the single market; whereas the complexities of administrative procedures and overregulation could be a drag on SMEs;

G. whereas the overwhelming majority of SMEs depend on the banking sector for their financing; whereas there is a need in the banking sector for streamlined customer requirements so that SMEs can have easier access to finance; whereas, despite differences among Member States, in general, European competitiveness is lagging behind other developed economies, threatening Europe’s potential to generate wealth and prosperity; whereas the majority of SMEs live from and on national markets;

H. whereas many SMEs in the transport sectors, such as those providing active urban mobility, passenger transport and tourism services, have been seriously affected by a limited number of digital platforms dominating the market; whereas digitalisation and online platforms present both a great challenge and an opportunity for European SMEs, and are relevant to their commercial success by creating employment and growth opportunities, improving operational efficiency, assuring data security and better reaching consumers;

1. Notes that the COVID-19 crisis has demonstrated the importance for the economy and for business of SMEs operating in the transport sector, bearing in mind that uninterrupted freight transport has been essential to ensure the swift and smooth functioning of supply chains for various types of goods, as has the transport of workers in key sectors; stresses that SMEs in the tourism sector are facing unprecedented difficulties including a serious liquidity crisis due to an unsustainable cash flow, the revenue situation and passengers’ behaviours following the COVID-19 outbreak; calls on the Commission to adopt a revised strategy for European SMEs, taking into account the impact of COVID-19, the constantly changing health and safety requirements, the functioning of the internal market, and local, regional and national needs, while strengthening and stimulating enterprises; acknowledges the contribution of a new industrial policy to the reindustrialisation of the Member States; welcomes the Commission’s commitment to introduce a ‘one in, one out’ principle as a first step to stem the tide of new regulation, but recalls that it merely maintains the status quo, which is not a sufficient ambition;

2. Stresses the importance of Member States’ and EU support to shore up SMEs in
difficulty, ensuring the continuation of their activity, job retention and creation, and the
protection of earnings, while respecting workers’ rights; calls for a roadmap towards the
reduction of the administrative costs and burdens, by at least 30 %, and for the
facilitation of their access to finance, fostering investments in strategic value chains;
calls on the Commission, Member States and local governments to make the business
climate and competitiveness paramount priorities on their political agenda; underlines
the need to step up support for SMEs in these sectors at EU level; calls on the
Commission to put forward concrete initiatives for recovery; further encourages the
Commission to consider the co-financing, together with Member States, cities or
regional authorities, of schemes, for example the provision of vouchers or discounts for
the benefit of tourists with the aim of increasing tourism spending in smaller, local
businesses in tourism-dependent regions; calls on the Commission to monitor
developments and assess the possibility of emergency and sector-specific support in
addition to measures already announced, including funding and capitalisation, until
tourist and transport flows have returned to their pre-pandemic levels; considers that this
support should also focus on and foster the mid-term modernisation of their activities,
with the aim of aligning them with the most recent EU climate and environmental
objectives among other standards, such as working conditions; calls for the creation of
an action plan to guarantee the functioning of transport activities focused on responding
to future crises that might hit the transport and tourist sectors, creating legal certainty
for businesses and citizens, increasing sustainability and competitiveness, and taking into
account the added value they bring to the economy in the EU;

3. Draws attention to the inaccessibility of the new EU recovery plan for many SMEs
suffering the consequences of the pandemic; asks for a greater role for the EU in terms
of financing to support the solvency of SMEs, as well as jobs, wages and workers’
rights, and limiting the harmful effects of excessive indebtedness; considers that
Member States should explore possible measures, such as tax relief, the temporary
deferral of bank loan repayments and solutions to cover the risks incurred by service
providers until tourism and transport flows resume;

4. Considers that the reconversion and smooth functioning of SMEs and start-ups in the
fields of sustainable transport and sustainable tourism sectors will represent a boost to
recovery and resilience in post-COVID-19 times, namely through the creation of
permanent quality jobs and through the exchange and coordination of the best practices
of the Member States; calls for this transition to be brought into line with the climate
and environmental objectives of the EU;

5. Considers that the objectives of the ‘SME Strategy for a Sustainable and Digital
Europe’ should not only focus on SME participation in ‘important projects of common
European interest’, but should also consider co-financing local or regional schemes in
the policy making process applying the ‘think small first’ principle and with the full
application of the SME Test in the impact assessments, also flagging up when political
proposals might lead to the outsourcing of production, while acknowledging national
autonomy; considers further that objectives should be achieved through long-term and
growth-oriented policies promoting the competitiveness of European SMEs and should
be fully matched by direct financial support and other resources to enable Member
States to promote SME transition towards sustainability and digitalisation, which is of
particular importance for the least developed countries and regions, including
outermost, island and remote regions, in the context of the new multiannual financial
framework, and especially cohesion policy; insists on the importance of providing support to SMEs for upskilling the sector’s workforce, with a specific focus on digital skills, financial education and innovative technologies, and also addressing the gap women are facing in this field; highlights the need to secure better access to public procurement by the simplification of procedures; expresses concern regarding the difficulties in accessing European Investment Bank (EIB) funding lines faced by most SMEs, particularly those with limited capitalisation, and calls for an adaptation of the conditions of access to EIB funding to the reality of SMEs in the different Member States; stresses, furthermore, the importance of ensuring synergies and complementarities between the existing funding solutions, and highlights the need for the simplification of procedures and the need to reduce administrative burden and costs for beneficiaries;

6. Stresses that the objectives of the EU SME strategy should be coherent with their real proportion within economies and their structural weaknesses, and with decent employment and working conditions in the various sectors of activity; highlights the need to put in place measures to safeguard competitiveness in a circular economy, the environmental goals laid down in the European Green Deal and in the Paris Agreement; asks that a level playing field for SMEs be ensured, especially in relation to large enterprises with a significant market position, also taking into account the bargaining power of big companies as the suppliers and/or customers of SMEs;

7. Calls for the incentivising of financial institutions, including public and private banks, and for the reinforcement of public authorities’ capacity at local, regional, national or EU level to support SMEs; considers, especially for micro enterprises, that these public bodies should contribute, inter alia, to designing and implementing training programmes for managers and staff in the fields of organisational, technological and commercial management; asks that good representation of SMEs in the public consultation process be ensured in order to make sure that their views are properly and adequately collected, analysed and represented in the impact assessments; calls for improvements to the effectiveness of tools intended to help SMEs deal with unfair or discriminatory rules and decisions, and to increase the awareness of SMEs of the availability of such problem-solving mechanisms; points out that awareness-raising in particular must be increased substantially, as in some EU countries, surveys show that only 15% of businesses are aware of SOLVIT, and far fewer have decided to use it;

8. Notes that the so-called digital platforms are being regulated at national, regional and local level; underlines the need to prevent unfair competition and ensure legal certainty for businesses and customers, as well as respect for workers’ rights and user safety; welcomes the public consultation recently launched by the Commission on the Digital Services Act; looks forward to the publishing of the ongoing Commission study on the impact of short-term rentals; underlines the need for specific measures to modernise public transport services (e.g. the taxi or bus sectors), and to move towards smart and sustainable urban mobility;

9. Considers that the use of data will play a relevant role in the transport sector by facilitating data sharing, improving data quality and promoting interoperability of data, thereby boosting innovation in the sector and enhancing its competitiveness globally; calls for appropriate financing to match the investment needs of SMEs in this regard;
10. Notes the potential of digitalisation and online platforms for creating better and more attractive opportunities for women; asks for an action plan to unlock the full potential of women’s entrepreneurship and boost female employment in tourism and transport SMEs;

11. Highlights the efforts of certain European cities to deal with the negative impact of short-term rentals in the context of the right to housing and looks forward to the findings of the study currently being undertaken by the Commission, in the hope of reconciling business activity with the public interest, particularly in the case of SMEs.
### INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

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| **Members present for the final vote** | Andris Ameriks, José Ramón Bauzá Díaz, Izaskun Bilbao Barandica, Marco Campomenosi, Ciarán Cuffe, Jakop G. Dalunde, Johan Danielsson, Andor Deli, Karima Delli, Anna Deparnay-Grunenberg, Ismail Ertug, Gheorghe Falcă, Giuseppe Ferrandino, Mario Furore, Søren Gade, Isabel Garcia Muñoz, Elsi Katainen, Kateřina Konečná, Elena Kountoura, Julie Lechanteux, Boguslaw Liberadzki, Benoît lutgen, Elżbieta Katarzyna Łukacijewska, Marian-Jean Marinescu, Tilly Metz, Giuseppe Milazzo, Cláudia Monteiro de Aguiar, Caroline Nagtegaal, Jan-Christoph Oetjen, Philippe Olivier, Rovana Plumb, Dominique Riquet, Dorien Rookmaker, Massimiliano Salini, Barbara Thaler, István Ujhelyi, Petar Vitanov, Eliassavet Vozemberg-Vrionidi, Lucia Vuolo, Roberts Zīle |
| **Substitutes present for the final vote** | Angel Dzhambazki, Markus Ferber, Tomasz Frankowski, Roman Haider, Anne-Sophie Pelletier, Markus Pieper, Marianne Vind |
## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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+ : in favour
- : against
0 : abstention
OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on Industry, Research and Energy

on a new strategy for European SMEs (2020/2131(INI))

Rapporteur for opinion: Pina Picerno

SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

– having regard to the Commission communication of 10 March 2020 entitled ‘An SME Strategy for a sustainable and digital Europe’ (COM(2020)0103),

– having regard to the Commission communication of 20 May 2020 entitled ‘A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system’ (COM(2020)0381),

– having regard to the Commission communication of 20 May 2020 entitled ‘EU Biodiversity Strategy for 2030’ (COM(2020)0380),

A. whereas Europe’s 25 million small and medium-sized enterprises (SMEs) employ around 100 million people and account for more than half of Europe’s GDP; whereas they are among the social and economic mainstays of Europe, for example in terms of regional enhancement, planning and cohesion in rural areas and elsewhere;

B. whereas, according to Commission data, in 2017 there were 22 000 agri-cooperatives and 289 000 food and drink companies in Europe, 90 % of which were SMEs and many of which were operating in rural areas; whereas these companies play a vital role in the rural economy;

C. whereas the European Green Deal involves a wide range of deeply transformative policies for farmers and other operators in rural areas, including the ‘Farm to Fork’ strategy, as well as biodiversity strategies, whose successful implementation will depend to a large extent on the coherence of the common agricultural policy (CAP) and of the Member States’ Strategic Plans with the strategies’ respective goals; whereas SMEs have a key role to play in the achievement of Green Deal targets;
D. whereas the COVID-19 crisis has highlighted the precarious financial situation of SMEs, many of which will not recover as a result of the confinement measures, which had the strongest impact on sales to the HoReCa sector and to third countries;

E. whereas SMEs were hardest hit by the impact of the health crisis, which forced many of them out of business;

F. whereas the EU has traditionally supported family farms, which are typically SMEs, and wants to continue to support them; whereas the ‘Farm to Fork’ strategy is also aimed at such farms;

1. Welcomes the fact that the ‘Farm to Fork’ strategy takes into account the diversity of SMEs in terms of business models, size, age and entrepreneurial profiles; stresses that the strategy should take into account their economic and social impact on the areas or sectors in which they operate;

2. Recalls that food production and processing is an essential sector in which SMEs play a very large role and that this sector will be crucial in the COVID-19 recovery period; highlights that a recovery based on the European Green Deal and the digital transition is an opportunity to accelerate and take advantage of the green and digital transformations; considers that the COVID-19 pandemic has revealed the need for enterprises in the social economy such as small-scale food distributors and for support for those active in the health and transport sector; believes that the pandemic has also highlighted the need to pay special attention to supporting agri-tourism activities carried out by SMEs through a specific allocation in the recovery plan in order to assist and support agri-tourism enterprises in overcoming the impact of the crisis; emphasises, in this regard, the capacity of SMEs in the agricultural sector to adapt to market needs; points out the deficiencies in the functioning of green lanes during the confinement period, due to the lack of harmonisation of procedures between Member States, and the resulting negative impact on agri-food SMEs, and stresses the need to prevent disruptions in the single market in order to guarantee the supply of goods; recalls that it is essential to guarantee free movement for seasonal workers in this sector in order to avoid any future labour shortages;

3. Highlights that SMEs are key elements of economic development and employment in rural areas, where they account for about 75 % of total employment\(^1\); stresses that agriculture is and must remain an essential and systemically important sector for the EU, which, as a primary industry in which employment is strongly linked to the land and being unsuited to delocalisation, supplies high-quality raw materials for the secondary sector and the food industry in the interests of European consumers; considers that microenterprises and SMEs, alongside rural enterprises and farms, play a key role in sustainable regional development through the deployment of their resources into food production and other goods and services, including environmental services; stresses that promoting diversification, for example through agri-tourism, direct marketing, social services or other farm-based activities, forms an important entrepreneurial basis that complements farm income, and highlights the need to boost entrepreneurship support via training, innovation, accessible investment and R&D for

\(^1\) European Spatial Planning Observation Network (ESPON) report of 31 January 2018 on small and medium-sized enterprises in European regions and cities.
SMEs in the food supply chain;

4. Welcomes the Commission’s intention to tailor solutions to help SME food processors and small retail and food service operators to develop new skills and business models, while avoiding additional administrative and cost burdens, and to provide advisory services through the Enterprise Europe Network, within the framework of the new ‘Farm to Fork’ strategy;

5. Welcomes the Commission’s temporary framework on State aid in the context of the severe consequences of the COVID-19 pandemic, which will increase the State aid limits, allowing Member States to grant up to EUR 100,000 per individual farm and up to EUR 800,000 for food processing and marketing companies; welcomes the new temporary measure set out under the Rural Development Regulation\(^2\), allowing EU Member States to offer support of up to EUR 7,000 per farmer and EUR 50,000 per SME;

6. Points out that agricultural production is characterised by fluctuating demand for labour and is seasonal in nature; stresses the need for a thorough understanding of employment and costs in agriculture in order to respond to unexpected fluctuations;

7. Highlights that women represent only 30% of EU farm managers and often have significantly smaller farms than men; stresses the need to promote and support female entrepreneurship in agriculture through targeted measures and to support diversity in SMEs, in the context of a shortage of skilled employees and the underrepresentation of women in entrepreneurship; considers that enhanced access to continuous education, training and further training, including in managerial skills and expertise, is critical for SMEs, should include appropriate mentoring, coaching, skilling and up-skilling schemes, with a special focus on potential female entrepreneurs, and is essential for seizing technological and innovation opportunities and continuously optimising productivity in the agricultural sector within a sustainable economy; calls, furthermore, for support for entrepreneurial initiatives, skills and competences and for the continuous and targeted promotion of vocational education and training for women in rural areas;

8. Considers that free trade agreements concluded between the EU and its global partners should not put at risk sensitive EU agricultural industries but should rather be an opportunity for SMEs in the agricultural sector; considers it extremely important for the Commission to avoid measures which may hamper SME competitiveness or the free market principle and to focus on removing barriers within the single market in order to strengthen and diversify short supply chains in the agri-food sector; considers that efforts to enhance SMEs’ market share and develop new market outlets in third countries, including through dialogue, the exchange of good practices with trade partners and a new information portal, may be made where they do not hamper the food security of the parties concerned and are consistent with existing climate commitments; insists on the future continuation of European product promotion campaigns in third countries; underlines that a coherent trade policy is crucial in order to avoid unfair competition from products imported from third countries which do not meet European standards.

9. Believes that decades of globalisation have resulted in de-industrialisation and the relocation of strategic sectors such as food and health in the EU and worldwide; underlines the important lessons of the COVID-19 crisis, namely the need to rethink the way the economy functions and the implications of this for EU policy-making; stresses the particular need to reform and align EU policies; points out that the CAP and trade policy must be adapted to step up food security in the EU, for example through the relocation of sustainable agricultural and food production throughout the EU;

10. Notes that animal diseases such as African swine fever, *peste des petits ruminants*, lumpy skin disease and others have had and/or are still having a very negative impact on SMEs in the agri-food sector and have caused businesses to close, which has had serious socio-economic consequences for local economies; calls on the administrations responsible to ensure equal treatment and provide a rapid and fair response and support to the businesses affected;

11. Points out that the ‘Farm to Fork’ strategy will affect most farmers, whose operations are often small family businesses operating on low margins; believes that all types of agriculture can benefit from this strategy; stresses that the strategy can create opportunities for local value chains composed of small farmers and food companies; welcomes, in this context, the Commission’s intention to scale up and promote circular business models to provide new entrepreneurial opportunities, including by making use of food waste, and supports specific measures tailored to agri-food SMEs; calls for sufficient and adequate support for the transition to sustainable practices, including through financial instruments (in particular in the framework of the CAP, cohesion policy and the recovery plan), and stresses that special attention should be paid to small and medium-sized farms and SMEs in the agricultural and food sector in order to support them in investing in regionalised organic supply chains and so that they are not disadvantaged or administratively overburdened by the implementation of the strategy; considers it important to reinforce support for innovative investments made by SMEs to assist them in making the ecological transition while enhancing their economic resilience;

12. Recalls that the digital transition is a major issue for SMEs in the agri-food sector and elsewhere; stresses the need to promote digital training and upskilling as well as for support and advice for SMEs in terms of sustainability and digitalisation; highlights the need to increase access to and the availability of broadband in all rural areas and peripheral regions in order to facilitate the establishment of SMEs and to promote innovative production methods such as precision farming, given that the competitiveness of SMEs is increasingly linked to the reliable functioning of digital infrastructure and services; considers, furthermore, that within the SME strategy, priority must be given to the provision of basic digital skills to all non-digital SMEs, including information on their rights and obligations within digitalisation, and that this need is particularly acute in sectors which have a high proportion of SMEs and in which digitalisation is not yet developed; calls, therefore, for targeted measures to support innovative SMEs in delivering sustainable and green-tech innovations and highlights the importance of developing artificial intelligence (AI) technologies tailored to the agri-food sector;
13. Supports the Commission’s call for Member States and contracting authorities to divide large public procurement contracts into smaller lots, given the potential of this approach to facilitate the participation of agri-food SMEs in public procurement and thereby contribute to shortening and diversifying supply chains, in line with the goals of the ‘Farm to Fork’ strategy; calls for more guidance for public authorities and SMEs on existing flexibilities and the adaptation of public procurement rules to this end;

14. Stresses that SMEs in rural areas, especially those located in peripheral rural areas, often face distinctive and more challenging operating conditions, such as small local markets and long distances to major markets, fewer transport connections, poor digital connectivity and fewer training opportunities; emphasises the need for appropriate policy design and support with respect to market development, exports and marketing for rural SMEs;

15. Considers that the next CAP reform should strongly pursue the simplification of administrative procedures, as red tape puts small and medium-sized holdings at a considerable disadvantage in comparison with larger ones;

16. Is of the opinion that the CAP reform should deliver more balanced support for small and medium-sized farms and that EU support should prioritise the family farm model;

17. Calls for a strong CAP budget that meets the new Green Deal challenges and asks that the Next Generation EU allocation to the CAP prioritise support to small and medium-sized enterprises;

18. Notes the high level of fragmentation in primary agricultural production compared to other food chain operators, to the detriment of the bargaining power of small farmers, and considers it necessary to reinforce derogations from and adaptations of EU competition rules in the agricultural sector to establish a better balance between the different operators; welcomes the new legislation on unfair trading practices and recognises it as a first important step in the direction of harmonising the rules at EU level, which would benefit the bargaining power of SMEs in the agri-food sector, but regrets that sales at a loss are not covered by the directive; emphasises that EU and national authorities must strengthen their efforts to protect SMEs from unfair market practices that can result from the abuse of dominant market positions, whether by large suppliers, processors or customers, calls for stricter application of the Late Payment Directive, and urges the Commission to improve monitoring and enforcement;

19. Strongly supports the application of the ‘Think Small First’ principle/SME test across all legislative proposals, and in particular in tailoring the measures relevant to rural SMEs in the new ‘Farm to Fork’ and biodiversity strategies, and therefore asks the Commission to conduct proper impact assessments;

20. Considers that support under the European Agricultural Fund for Rural Development (EAFRD) is very important for farms and SMEs in the agri-food sector and could be

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targeted towards farms and other businesses in rural areas, which may include SMEs, to ensure long-term development, diversification and sustainability throughout the company lifecycle; welcomes the decision to earmark 2% of unspent EAFRD appropriations for crisis measures that could save the SMEs hardest hit by the pandemic fallout;

21. Points out that many EU rural areas are also zones where high-quality agricultural products and foodstuffs are produced; underlines the importance of cooperatives in agri-food sectors and their social added value for rural areas; stresses the importance of SMEs in the agri-tourism sector and their role in ensuring vibrant rural areas by providing employment; asks, therefore, for support to those SMEs, which are often family businesses, and in particular for broadband access and connectivity to aid the promotion of their products in the single market and, where appropriate, in addressing trade barriers in third countries; calls for the development of an EU e-label, where applicable, to provide online consumers with a modern and digital list of ingredients and nutritional information; stresses that promoting the concept of diversification, for example through agri-tourism, direct marketing, social services or other activities on the farm, is an important entrepreneurial basis and can help to ensure a sufficient income for agricultural enterprises;

22. Calls on the Commission to ensure full and homogenous enforcement of the Late Payment Directive and the Directive on Unfair Trading Practices in order to improve the functioning of the entire food supply chain within the EU single market and strengthen the bargaining position of farms, cooperatives and agri-food SMEs;

23. Urges local, regional and national authorities to support and encourage the use of EU and/or national and regional agri-food quality schemes, especially among SMEs, as a means to create jobs and preserve traditional production practices and culinary heritage;

24. Regrets that the new provisions proposed by the Commission in the context of the Rural Development Regulation to help farmers overcome the crisis are discriminatory towards countries that do not have funds left at the end of the programming period and that this unbalanced situation may end up distorting competition between Member States;

25. Recalls that some sectors such as beekeeping are managed mostly by micro- or SMEs which do not have the same financial liquidity as larger enterprises, which in turn makes it harder to get loans or other similar financial instruments in order to grow or develop; notes that factors such as price pressure and uncontrolled use or overuse of plant protection products in some regions have had devastating economic effects on beekeepers and SMEs, whose business hinges upon them;

26. Considers that improved quality of services and facilities in the general interest is as important in rural areas as in urban areas; stresses that everyday services such as childcare, care for the elderly, healthcare and schools lead to improved living standards in rural areas and minimise rural depopulation;

27. Points out that only 11% of EU farms, mostly SMEs, are run by people under 40; commends the existing measures to support young farmers, such as the Young Farmer Payment (YFP); notes, nonetheless, that poor information flows and administrative burdens may lead to young farmers missing out on EU subsidies; calls, therefore, for additional targeted measures for young farmers; urges support for improved knowledge
transfer between generations of farmers and for generational renewal in agriculture;

28. Calls for support for work-life balance initiatives in order to take account of the needs of farming families and to ensure appropriate measures such as parental leave and the provision of replacement workers in the event of illness;

29. Notes that the development of effective bioenergy competence centres is crucial in adequately addressing the need for solutions to climate change and could therefore enable the shift towards carbon-neutral agriculture by 2050 to become one of the pillars of the Green Deal;

30. Stresses that bioenergy from agriculture and forestry for mobile and stationary use is already the fastest and cheapest possible development in the mobility and heating sector and can be rapidly expanded in the future, within reasonable sustainable limits, with maximum CO2 efficiency; points out that it would further contribute to regional added value creation and a significant reduction in CO2;

31. Calls on the Commission to support entrepreneurship by improving the business environment in rural areas through measures to promote sustainable growth, rapid access to flexible small-scale funding (including solidarity savings) and broadband internet access throughout the EU;

32. Considers that provisions should be included in public procurement procedures that enable SMEs, particularly local SMEs, to participate in calls for tender, thus supporting low- and zero-mile products;

33. Stresses the importance of providing diversified SME funding in the farming sector.
## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

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**Members present for the final vote**

**Substitutes present for the final vote**
Claude Gruffat, Michaela Šojdrová, Marc Tarabella
## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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Key to symbols:
+ : in favour
- : against
0 : abstention
5.10.2020

OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION

for the Committee on Industry, Research and Energy

on a new strategy for European SMEs
(2020/2131(INI))

Rapporteur for opinion: Victor Negrescu

SUGGESTIONS

The Committee on Culture and Education calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Reiterates the importance of micro, small and medium-sized enterprises (SMEs) as the backbone of the EU economy, including in smaller Member States; notes that SMEs are particularly vulnerable to economic shocks due to their limited liquidity reserves and high labour intensity; underlines that the COVID-19 crisis has had an unprecedented socio-economic impact on SMEs, especially in the cultural and creative sectors and industries (CCSIs), education, youth, sports and media; stresses that, due to the specificities of these sectors, the European cultural and creative sectors and industries are in the grip of the biggest crisis they have ever faced; calls on the Commission to revise its SME strategy for sustainable and digital Europe, focusing its support on SMEs to help them survive the crisis and to play a key role in the sustainable recovery of our European economy, ensuring that funds allocated to European SMEs are widely and readily accessible across Member States in order to enable them to address current challenges, maintain high levels of quality employment and put job retention schemes in place;

2. Stresses the importance of SMEs in the CCSIs in terms of employment and economic growth, as the CCSIs alone contribute more than 8.7 million full-time jobs, of which many are in SMEs (3.8 % of the EU’s workforce); recalls the specificity of the CCSIs, which are mainly based on SME ecosystems; underlines that many SMEs in the CCSIs have higher risk profiles, therefore highlights the importance of providing support for project development and capacity building for these SMEs; emphasises that within the CCSIs, the live sector was hit the hardest by the COVID-19 crisis, with live venues for music and performing arts, including festivals, being the first ones to be closed and the last ones to reopen, which is why the live sector needs particular support; stresses the need to draw lessons from the current crisis and create a common EU-coordinated ready-to-go plan to lessen the impact of future crises on SMEs; recommends the
inclusion of tailor-made crisis support schemes to address the challenges faced by the different sectors affected;

3. Reiterates the importance of accessible funding for SMEs across Europe, especially in the CCSIs, and in the educational, youth, media and sports sectors; calls on the Council to increase funding and on the Commission to increase the accessibility of funding, including public funding, in particular in the upcoming InvestEU programme, and to provide equal financial opportunities in all EU Member States;

4. Highlights that cultural tourism accounts for 40% of all European tourism; stresses the unprecedented impact of the COVID-19 on the tourism and travel sector; calls, therefore, for the development of a Crisis Management Mechanism with concrete measures in order to respond to the needs of the SMEs in cultural tourism;

5. Welcomes the deployment of the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) and calls on the Commission and the Member States to ensure sufficient financial support for SMEs in the cultural and creative sector, especially in the hardest hit regions;

6. Strongly condemns the lack of ambition of the revised proposal on the next MFF concerning sufficient funding for the CCSIs, and the lack of specific financial support for these sectors in the new Recovery Plan; considers the current proposals unacceptable and believes that they will have a negative impact on the sector; reiterates the need for increased financial support as a foundation for the next generation to build a sustainable future; considers, in this context, that these objectives can be successfully achieved only if the Commission and Member States increase the budget of some of the most successful Union programmes; recalls, in this respect, Parliament’s mandate for the future MFF programmes to triple the Erasmus+ budget, to double the Creative Europe budget and to restore the amount proposed by the Commission for the European Solidarity Corps; considers that these figures have become more relevant than ever to combat the current crisis; considering that the CCSIs account for 8.7 million jobs and 4% of the EU’s GDP, calls on the Commission and the Member States to earmark, according to their specific needs, at least 2% of the Recovery and Resilience Facility for the recovery of the CCSIs; highlights that this percentage should reflect the importance of the industry; reiterates the need for precise programming and financial plans designed to ensure the continuity of the CCSIs’ activities and to offer predictability to the people active in the field;

7. Reiterates the importance of accessible funding for SMEs across Europe, especially in the cultural, creative, educational, youth, media and sports sectors; recognises that the intangible nature of activities in these sectors can limit their access to financial support; welcomes the recent enhancements to the Cultural and Creative Sectors Guarantee Facility (CCSGF), which, during the last budget period from 2014 to 2020 benefited SMEs by securing loans for initiatives in the CCSIs; calls on the Commission to ensure that the CCSGF is included under the InvestEU Programme to improve access to finance for several enterprises operating in the CCSIs during the COVID-19 crisis and calls for an extension of the CCSGF with increased flexibility for repayment arrangements for SMEs; calls on the Commission to ensure that the CCSIs are adequately included in all programmes for entrepreneurship such as the EU programme for the Competitiveness of Enterprises and SMEs (COSME) and Horizon Europe;
8. Emphasises the important role of Horizon Europe in helping the CCSIs to innovate and develop new technologies that can have a positive impact on open and pluralistic cultural creative participation; welcomes, in this context, the creation of a CCI Knowledge and Innovation Community (KIC) under the European Institute of Innovation and Technology (EIT) strategy; underlines the need to simplify the procedures for SMEs in CCIs when applying for funds and calls for a one-stop-shop solution for SMEs applying for funds under Union programmes;

9. Highlights the need for appropriate and effective rules for the implementation and utilisation of cohesion policies for SMEs in the CCSIs; emphasises the importance of synergy between different initiatives and the funding available for SMEs, and notes that SMEs still struggle with adequate access to funds, particularly for long-term and innovative projects;

10. Notes the increased demand for digital cultural content, especially during different confinement phases; points out that a low level of digitalisation will hinder economic convergence and growth prospects in many sectors; underlines, therefore, the need for further investment in digitalisation of European SMEs across sectors; acknowledges the increased opportunities created by digitalisation in general and in the CCSIs in particular; calls for additional support for SMEs, which will promote greater accessibility of digital cultural and educational content; urges that a digital level playing field be built, taking into account the challenges of SMEs in the CCSIs, such as interoperability in the EU, the digital divide, as well as equal internet access; emphasises the need for further investment in skills, in particular digital and entrepreneurial skills, which need to be one of the central themes of the curricula within all stages of education, as well as being included as basic skills in the training plans for workers and the unemployed, all coordinated in the digital education action plan in order to ensure a comprehensive and sustainable digital transformation process, thereby protecting employment and enhancing social inclusion; calls for a European initiative on entrepreneurial education in order to prepare the next generation of European SMEs, especially in the CCSIs, and also to provide guidance and support to existing SMEs in adapting to current challenges through programmes including lifelong learning; reiterates the importance of Erasmus+ apprenticeship and entrepreneur exchanges, and calls for more, similar initiatives using new formats and tools; calls for an improved platform providing information on European assistance to young entrepreneurs, start-ups, scale-ups and existing SMEs;

11. Calls on the Commission to develop an integrated support plan for SMEs using cross-financing mechanisms available at European level, as well as synergies with the national and local initiatives, in order to support SMEs facing major challenges caused by the COVID-19 pandemic and to provide the financial means for the establishment of new entrepreneurial initiatives; underlines that ensuring diversity among SMEs in the CCSIs will safeguard cultural diversity, help counteract authoritarianism and thus protect our European values; emphasises the importance of improving regulation, as SMEs in particular suffer the consequences of inefficient regulation and unnecessary administrative burdens; highlights that deeper integration within the single market is also crucial for the competitiveness and existence of SMEs;

12. Stresses the need for the involvement of young people in entrepreneurial activities; recognises and values entrepreneurial efforts in the education sector, especially in the
case of SMEs and cooperatives that allow diversification in the education system and in the models offered to families so that they can choose freely; calls on the Commission and the Member States to foster entrepreneurial education and create tailor-made support measures enabling access to entrepreneurship and self-employed activities for all Europeans with a special focus on people with fewer opportunities;

13. Calls on the Commission, in close cooperation with the Member States, local authorities and social partners, to establish a European initiative aimed at creating more than one million new start-ups in the EU offering entrepreneurship opportunities across Europe;

14. Stresses the key role of SMEs in the sports sector in ensuring and promoting healthy lifestyles, intercultural dialogue and educational and professional opportunities for all; calls, therefore, for greater attention to be paid to the sports dimension under the Erasmus+ programme.
## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

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| **Substitutes present for the final vote** | Pernando Barrena Arza, Łukasz Kohut, Marcel Kolaja, Elżbieta Kruk, Željana Zovko |
## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

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LETTER OF THE COMMITTEE ON LEGAL AFFAIRS

Mr Cristian-Silviu Buşoi
Chair
Committee on Industry, Research and Energy
BRUSSELS

Dear Mr Chair,

The Committee on Legal Affairs has been authorised on 2 September 2020, to submit an opinion to your committee under the above-mentioned procedure. Mr Gilles Lebreton was appointed rapporteur for the opinion. Given the regrettably short period given to opinion giving committees to adopt their opinions in the timeframe set by your committee, the Committee on Legal Affairs eventually decided to send the opinion in the form of a letter.

The opinion below was adopted at the committee meeting on 1 October 2020. The Committee on Legal Affairs decided to call on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

I trust that this will make a useful contribution into the report drafted by your Committee.

Yours sincerely,

Adrián Vázquez Lázara

SUGGESTIONS

1. Underlines that operating environment for SMEs needs to improve and that the EU legislation has to produce benefits without imposing unnecessary burdens on citizens and businesses, as SMEs are in particular affected by costs created by legislation -, given their limited human and financial resources; reiterates in this regard the importance of the principle ‘think small first’ and the systematic application of the SME test for EU legislation as well as the Commission’s commitment towards the one-in, one-out principle for new legislation.

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1 The following were present for the final vote: Adrián Vázquez Lázara (Chair), Ibán García Del Blanco, Sergey Lagodinsky, Raffaele Stancanelli (Vice-Chair), Manon Aubry, Gunnar Beck, Patrick Breyer, Geoffroy Didier, Pascal Durand, Angel Dzhambazki, Jean-Paul Garraud, Evelyne Gebhardt, Esteban González Pons, Mislav Kolakušić, Gilles Lebreton, Karen Melchior, Jiří Pospíšil, Franco Roberti, Marcos Ros Sempere, Liesje Schreinemacher, József Szájer, Stéphane Séjourné, Marie Toussaint, Axel Voss, Bettina Vollath, Tiemo Wölken, Lara Wolters, Javier Zarzalejos, Kosma Zlotowski, Tomasz Frankowski.
2. Underlines that European SMEs have been severely affected by the Covid-19 pandemic, considers that the latter has highlighted some weaknesses in European industrial policy, in particular its dependence vis-à-vis third countries and should prompt the European Union to improve independent European production chains; therefore the EU should better defend its strategic interests by improving the protection and promotion of SMEs in order to help them fully grasp the opportunities and respond robustly to the challenges they and our society are facing these days; stresses that the new strategy should have a long-term vision, with a focus on the local level to avoid the breaking up of supply chains;

3. Welcomes the enhanced role that the InvestEU programme and the SME window therein will play in the recovery plan, which should serve as the main financial tool to consolidate their business models and to help them invest into corporate governance projects, which will boost competitiveness and market-based innovation;

4. Stresses that it is of crucial importance to encourage the relocation of strategic industries and favour and develop short circuits wherever possible in order to create jobs in Europe and to bring SME ecosystems closer to consumers;

5. Urges the Commission to present an ambitious and efficient legal framework at EU level, based on due diligence obligations, to ensure sustainable supply chains for the European Union, therefore defending sustainable European SMEs;

6. Urges the Commission to fight more effectively against unfair competition impacting the consumers and weakening primarily the SMEs, based on products coming from third countries which do not comply with the technical, environmental, health, social or intellectual property standards of the European Union, among others through an introduction obligation of the recently introduced but so far only optional ‘Import One Stop Shop’ for VAT collection;

7. Welcomes the new VAT scheme for small businesses, which should reduce red tape and administrative burdens for SMEs and create a level playing field for businesses;

8. Welcomes the "SME programme", launched in 2020 by EUIPO, which aims enabling SMEs to exploit the full potential of legal guarantees arising from intellectual property law;

9. Stresses the need to give special attention to growth-oriented sectors in the Single Market such as the sharing economy, which attracts innovative start-ups, and to allow creative business models to use regulatory sandboxes at EU level to reduce the cost of innovation for start-ups and work on ways to eliminate barriers to entry itself;

10. Stresses the need of sustainable finance to overcome the current investment gap and to reinforce the leading role that European SMEs already play in developing innovations that address the aims of the Green Deal and the Just Transition Fund (JTF);

11. Recalls the need to ensure that SMEs really benefit from Directive 2011/7/EU against late payment in commercial transactions, and to encourage Member States to use the possibility provided for in Article 12.3 of the Directive to adopt provisions that are even more favourable to SMEs;
12. Welcomes the Solvency Support Instrument that the Commission presented as part of its Next Generation EU package, which will provide much needed support for the solvency of SMEs in the post-COVID recovery, whereby this instrument needs to ensure that SMEs receive support with efficient processes and should be operational as soon as possible to complement actions by Member States;

13. Calls on the Commission to have an active role in supporting Member States in transposing Directive (EU) 2019/1023 on preventive restructuring frameworks and on procedures concerning restructuring insolvency and discharge of debt in order notably for small and medium sized companies to avoid bankruptcy;

14. Considers necessary to grant European SMEs' and start-ups a preferential access to public procurements and venture capital, to reduce the administrative burdens and to develop a policy of ease and support for innovation which may lead to the filing of patents;

15. Encourages the introduction of policies which facilitate self-employed people’s access to social protection systems, particularly women entrepreneurs; calls on the Commission to increase financing opportunities for women entrepreneurs and improve access to existing funds.

16. Encourages the introduction of criteria to favour regional products and services in public procurement and suggests to increase thresholds for public tenders where appropriate in order to strengthen SMEs;

17. Stresses the need to better protect SMEs and start-ups and to encourage public authorities and civil society to invest in research regarding Artificial Intelligence and other future-oriented technologies such as robotics, Big Data, smart good and services or block chain, in full compliance with the legal and ethical standards to be set up at EU level, many European SMEs being prepared to enhance their efforts in that field;

18. Considers that a major challenge for ensuring SMEs competitiveness in the coming years will be to develop a fast, secure and reliable 5G internet network throughout the European Union and to ensure Europe's digital independence, particularly in terms of networks and data storage;

19. Recalls the need to ensure that SMEs are aware of their rights and the various support possibilities that are available; therefore stresses the need for a strengthened information exchange between SMES and Member States;

20. Calls on the Commission to ensure a balanced EU data policy providing legal certainty for the use and a framework for the availability of data for digital innovations in services, products and to improve business models, especially for SMEs;

21. Calls on the Commission to conduct a study on the various stock option schemes for SMEs and startups’ across Europe as attractive stock options would allow European founders to compete with their worldwide counterparts by selling a share in their idea to high-skilled employees.
**INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE**

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| **Substitutes present for the final vote** | Jens Gieske, Elena Lizzi, Marian-Jean Marinescu, Sandra Pereira, Massimiliano Salini |
## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

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<td><strong>EPP</strong></td>
<td>Hildegard Bentele, Tom Berendsen, Vasile Blaga, Cristian-Silviu Bușoi, Jerzy Buzek, Maria Da Graça Carvalho, Pilar Del Castillo Vera, Christian Ehler, Jens Gieseke, András Gyürk, Seán Kelly, Andrius Kubilius, Marian-Jean Marinescu, Eva Maydell, Angelika Niebler, Aldo Patriciello, Markus Pieper, Massimiliano Salini, Maria Spyraki, Henna Virkkunen, Pernille Weiss</td>
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<td><strong>S&amp;D</strong></td>
<td>Carlo Calenda, Josianne Cutajar, Niels Fuglsang, Lina Gálvez Muñoz, Nicolás González Casares, Robert Hajšel, Ivo Hristov, Romana Jerković, Eva Kaili, Łukasz Kohut, Miapetra Kumpula-Natri, Dan Nica, Tsvetelina Penkova, Patrizia Toia, Carlos Zorrinho</td>
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<td><strong>RENEW</strong></td>
<td>Nicola Beer, Nicola Danti, Martina Dlabajová, Valter Flego, Claudia Gamon, Bart Groothuis, Christophe Grudler, Ivars Ijabs, Iskra Mihaylova, Mauri Pekkarinen, Morten Petersen</td>
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<td>Paolo Borchia, Markus Buchheit, Elena Lizzi, Thierry Mariani, Joëlle Mélin, Jérôme Rivière, Isabella Tovaglieri</td>
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<td>François Alfonsi, Michael Bloss, Ciarán Cuffe, Henrike Hahn, Ville Niinistö, Manuela Ripa, Marie Toussaint</td>
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<td><strong>ECR</strong></td>
<td>Izbela-Helena Kloc, Robert Roos, Jessica Stegrud, Beata Szydło, Grzegorz Tobiszowski, Evžen Tošenovský</td>
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<tr>
<td><strong>NI</strong></td>
<td>Ignazio Corrao, Clara Ponsatí Obiols</td>
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<td>4</td>
<td>-</td>
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<tr>
<td><strong>GUE</strong></td>
<td>Manuel Bompard, Marc Botenga, Sandra Pereira, Sira Rego</td>
</tr>
</tbody>
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0 | 0 |

Key to symbols:
+ : in favour
- : against
0 : abstention