



2020/2131(INI)

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

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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 people¹, 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 areas²;
- 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-10³; whereas the availability of skilled staff and experienced managers has become the most pressing problem experienced by SMEs in the EU over the years⁴; 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

¹ https://ec.europa.eu/info/sites/info/files/communication-sme-strategy-march-2020_en.pdf

² https://ec.europa.eu/info/sites/info/files/communication-sme-strategy-march-2020_en.pdf

³ <https://www.eib.org/en/publications/investment-report-2018>

⁴ <https://ec.europa.eu/docsroom/documents/38462>

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 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) 2020/739⁵ in respect of the prevention and protection of the health and safety of workers that are or can be occupationally exposed to SARS-CoV-2⁵; considers that such guidelines, including written instructions, should be further 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

⁵ OJ C 212, 26.6.2020, p. 8.

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

levels⁶ 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 people⁷; 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 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

⁶ OECD/European Union (2019), *The Missing Entrepreneurs 2019: Policies for inclusive entrepreneurship*, OECD Publishing, Paris, https://www.oecd-ilibrary.org/industry-and-services/the-missing-entrepreneurs-2019_3ed84801-en

⁷ https://ec.europa.eu/growth/sectors/social-economy_en

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

Date adopted	2.10.2020
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 Bocskor, Milan Brglez, Sylvie Brunet, David Casa, Leila Chaibi, Margarita de la Pisa Carrión, Klára Dobrev, Jarosław Duda, Estrella Durá Ferrandis, Lucia Ďuriš Nicholsonová, Rosa Estaràs Ferragut, Nicolaus Fest, Loucas Fourlas, Cindy Franssen, Heléne Fritzon, Helmut Geuking, Alicia Homs Ginel, France Jamet, Agnes Jongerius, Radan Kanev, Ádám Kósa, Stelios Kypouropoulos, Katrin Langensiepen, Miriam Lexmann, Elena Lizzì, Radka Maxová, Kira Marie Peter-Hansen, Dragoş 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

36	+
ECR	Lucia Ďuriš Nicholsonová, Helmut Geuking, Elżbieta Rafalska, Beata Szydło, Margarita de la Pisa Carrión
ID	Dominique Bilde, France Jamet, Elena Lizzi, Stefania Zambelli
NI	Daniela Rondinelli
PPE	Andrea Boeskor, David Casa, Jarosław Duda, Rosa Estaràs Ferragut, Loucas Fourlas, Cindy Franssen, Radan Kanev, Ádám Kósa, Stelios Kypourouopoulos, Miriam Lexmann, Dennis Radtke, Anne Sander, Eugen Tomac, Romana Tomc, Maria Walsh
Renew	Atidzhe Alieva-Veli, Abir Al-Sahlani, Sylvie Brunet, Dragoş Pîslaru, Samira Rafaela, Monica Semedo, Marie-Pierre Vedrenne
Verts/ALE	Katrin Langensiepen, Kira Marie Peter-Hansen, Mounir Satouri, Tatjana Ždanoka

6	-
GUE/NGL	Konstantinos Arvanitis, Marc Botenga, Leila Chaibi, Eugenia Rodríguez Palop
ID	Nicolaus Fest, Guido Reil

13	0
Renew	Radka Maxová
S&D	Marc Angel, Brando Benifei, Gabriele Bischoff, Vilija Blinkevičiūtė, Milan Brglez, Klára Dobrev, Estrella Durá Ferrandis, Helène Fritzon, Alicia Homs Ginel, Agnes Jongerius, Manuel Pizarro, Marianne Vind

Key to symbols:

+ : in favour

- : against

0 : abstention