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COMPROMISE AMENDMENTS 1-7

Draft report
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A new strategy for European SMEs

2020/2131(INI))

Compromise Amendment 1 - Introduction

Paragraph 1

Welcomes the SME Strategy and shares the Commission's view that SMEs are essential to the European economy; highlights the need to update the SME strategy in the light of the COVID 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 aligning the SME Strategy with the Industrial Strategy, the European Data Strategy 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;

Calls further for improving the environment for business creation and for the strengthening of the entrepreneurial spirit, including through reduction of administrative burden of 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 provide adequate enabling conditions for business founders and existing SMEs, which will allow them to thrive, innovate and thereby contribute to the Union's economic, social and environmental sustainability and economic competitiveness;

Paragraph 2

Acknowledges that an excess of administrative and regulatory burden is hindering the ability of SMEs to thrive as they miss the necessary resources to face complex bureaucratic requirements;

Welcomes therefore the Commission's commitment to introduce a "one in-one out" principle, but reminds that it merely maintains 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 to stem the tide of new regulation; recalls that public administration, both at the European and the national level, has a key role in ensuring the ease of doing business and, for example, in promoting investments aiming at boosting economic competitiveness, while safeguarding the highest standards of transparency, workers' health, rights and safety and environmental protection;

Calls therefore on Member States and the Commission to acknowledge the need for better regulation and simplification and adopt a roadmap with concrete and binding targets and indicators as an important prerequisite for our economy's ability to recover, innovate and for EU companies' competitiveness; notes that several Member States have set quantitative targets of up to 30% in reducing administrative burden and calls on the Commission to set

as soon as possible after conducting an impact assessment (at the earliest at the beginning of 2021, but in any case no later than June 2021 and in advance of the EC communication), ambitious quantitative and qualitative binding targets at EU level to reduce administrative burden;

Notes that such roadmap should identify the areas to substantially reduce the administrative and regulatory burden for SMEs 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 in the reduction of the red tape, it is also important to assess such measures ex-post, taking into account the SMEs perspective and not undermining workers' rights;

Paragraph 3

Calls for improved regulatory alignment to be accompanied by smart digitalization, increased user-friendliness, more streamlined procedures and more secure, privacy-proof data procedures; in this respect, further demands 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;

Paragraph 4

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 burden in general;

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

Calls therefore for a binding SME test able to assess the costs and benefits of legislative proposals on SMEs, including their economic impact and their impact on their employees; expects the results of the SME Test to be fully taken into account in all legislative proposals and clearly demonstrate how simplification would be attained and, where possible, formulate additional recommendations to avoid unnecessary administrative or regulatory burden on

SMEs; recalls that during the EU's legislative process, more focus should be on the quality of the impact assessments rather than on speed of the initiatives; calls on Member States to collect and promote best practices and develop guidelines for the systematic implementation of SME tests also at national level;

Calls on the Commission to ensure the effectiveness and well-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 and objectiveness of the Regulatory Scrutiny Board 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 in the Regulatory Scrutiny Board; considers the current requirement of only one SME representative in the RSB for the entire SME sector as insufficient, considering the great variety of SMEs in Europe;

Paragraph 5

Calls for a revived implementation of the Small Business Act (SBA); underlines the need for a consistent application of the 'Think Small First' principle and a strengthening of the principle of "Big on big things, small on small things" to ensure proper focus on SMEs in EU and national legislation and as a basis for new inter-institutional commitment to reduce administrative burden;

Paragraph 6

Notes the Commission plan to appoint a dedicated EU SME Envoy to bring more visibility to SMEs' concerns and calls further on the Commission to place the SME Envoy in a central unit under the President of the Commission to allow 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 in the European Parliament plenary sitting; underlines the opportunity to strengthen the cooperation between the SME Envoy network and the national and local organisations representing SMEs;

Compromise Amendment 2

Paragraph 7

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;

Regrets that SMEs have experienced more difficulties than larger companies in accessing finance, also because of various monetary measures and the regulatory framework; suggests in this regard to undertake actions in order to strengthen access to credit for SMEs including for 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;

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 numerous SMEs, including micro-enterprises and start-ups, are unable to access EU funding because of lacking awareness, but also slowness as well as the 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 ;

Reminds 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 quick availability of liquidity;

Encourages the Commission and Member States to make the best use of the forthcoming EU instruments under the next 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;

Regrets that the Recovery Plan dedicated little focus to SMEs and calls for measures to ensure easy access for SMEs;

Urges to better customise EU funding to attract more participation from non-digital, high-tech and innovative SMEs and calls on the Commission, when designing new EU

instruments, to consider whether the funding can reasonably be used by SMEs and suited to their needs and ensure that they can benefit as much as all the other partners involved in the value chain, which will thus benefit Europe's global competitiveness; recalls that, in order to help start-ups thrive, it is crucial to ensure "patient capital" aiming 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;

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;

Urges Member States to guarantee non-discriminatory access to bank lending for SMEs, also those focusing on intangible assets; reminds that access to finance is a key enabler of growth, sustainable transformation and innovation and calls for further support of innovative business models; regrets the gap between credit conditions for SMEs located in different EU countries and calls on Member States to work together with the financial and banking sectors as regards their obligation to ensure full and fair access to bank loans for SMEs;

Stresses that financing through capital markets alone will not be sufficient to provide appropriate solutions for SMEs and believes that 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;

Paragraph 8

Recalls that liquidity must be swiftly provided to SMEs, while measures for SME re-capitalisation 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 Directive on combating late payment in commercial transactions in particular with regard to public administrations and to business to business relations;

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 upon authorities on European, national, regional and local level to set the right example by paying SMEs always on time and encourages in this context an active use of infringement

procedures in cases where the Directive is not properly implemented;

Paragraph 9

Recognizes the need for a temporary relaxation of State aid rules, acknowledging that this has led to an 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;

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

Is deeply concerned that sectors such as tourism, hospitality, cultural, creative, transport, trade fairs and events sectors, which are largely composed of SMEs, have been hit the hardest by the COVID-19 crisis; underlines the importance of continuous swift measures aiming at restoring and retaining the 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 sector's recovery and ensure protection for rights of workers in the affected sectors; recalls the importance to improve access to digital technologies and support programmes for SMEs in the culture and creative sector as the COVID-19 crisis has shown their crucial role for our economy and social lives;

Paragraph 10

Urges Member States to acknowledge as top political priorities the protection of employment and SMEs' and start-ups survival 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 SURE initiative aiming at covering the cost of national short-time work schemes; calls on the Commission to actively support Member States in transposing the Directive on preventive restructuring to ensure a real second chance to SMEs in difficulty;

Compromise Amendment 3

Paragraph 11

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 in this regard on the Commission to ensure that 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 further for the respect of workers' rights throughout this process;

Recalls that innovation in SMEs is a key driver for 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, the emergence of new business models and increasing their ability to scale-up more quickly;

Paragraph 12

Stresses that investments in innovation should prioritize 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 and SMEs, such as the-simplification of reporting obligations, and calls on Member States to develop pilot initiatives to accelerate SMEs' take up of e-commerce solutions, for example through training and advisory activities, technical assistance, best practices or integration of the knowledge triangle, involvement of all relevant stakeholders and local authorities;

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

Paragraph 13

Welcomes the Commission's promise to open fast-track training through Digital Crash Courses for Micro- and SMEs' employees to become proficient in areas such as AI, cybersecurity or distributed ledger technologies; highlights that digital crash courses for SMEs in the framework of the Digital Europe Programme should be preceded by subsidised programmes allowing 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;

Regrets that only 17 % of SMEs have so far successfully integrated digital technology into their businesses, calls for strengthening the actions aimed to tackle skills' mismatches and shortages and to equip SMEs with digital literacy and skills, but also improving skills in relation to public procurement and financial education as well as credit and supply chain management skills for rapidly changing labour markets, also in light of the acceleration induced by the Covid-19 crisis;

Stresses the need to promote investments in further vocational trainings 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 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 women are facing in both fields; welcomes in this regard the European Skills Agenda;

Take note of the Commission's White Paper on Artificial Intelligence and that at least one Digital Innovation Hub per Member State should have a high degree of specialisation in AI;

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, upskill the workforce with the immediately necessary skills to allow remote asset control, production monitoring, employee collaboration as well as environmentally sustainable business models, circular economy approaches, energy and resource efficiency, where often digital know-how is often crucial and allows SMEs to stay competitive; calls on the Commission to also consider the creation of a SME voucher programme to support the above;

Urges to also 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;

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

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;

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 basic condition to improve digitalisation and embrace an effective transformation; calls on the Commission to consider

binding targets for connectivity;

Paragraph 14

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 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;

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;

Highlights that collaboration and cooperation are crucial dimensions to improve SMEs' performances; notes to this end, clusters and partnerships with all actors in the knowledge triangle (education, research and innovation), shall be better promoted and encouraged by reducing administrative burden, simplifying procedures and establishing shared services facilities for SME cluster participation; calls further on the Commission to ensure that Horizon Europe's Partnerships and missions will be transparent and inclusive throughout their implementation, in particular as regards SME participation, 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 according to the principle as open as possible as closed as necessary;

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 the collaboration between SMEs, research centres and universities with the scope of promoting local entrepreneurship and addressing the most urgent societal challenges of our age;

Calls on the Commission and the Member States to invest, inter alia, in the data economy, artificial intelligence, smart production, Internet of Things (IoT), quantum computing and to ensure a strong SME component in these fields; deplores 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;

Calls on Member States to ensure the support to innovation opportunities for SMEs and maximise synergies with EU programmes in their national innovation strategies; stresses in

this regard the role of innovative SMEs specialising in forefront technologies;

Emphasises the need to increase awareness among SME owners and managers, SME associations and support organisations about financing possibilities for more environmentally performant technologies, about contracting services (ex. consultancy, coaching and training) related to eco-design and efficient resource usage and management, and about green entrepreneurship and green technologies, products and services;

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

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, technical and financial support schemes also through private investment, allowing 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 SME organizations' representatives;

Welcomes the initiatives, particularly those 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; notes the opportunity of 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 aiming at increasing the energy efficiency of buildings, which helps not only SMEs in the construction sector, but all SMEs in promoting energy efficiency thus contributing to reducing their operational costs;-calls for the enhancement of a more competitive market for Energy Service Companies (ESCos);

Stresses that public procurement is a strategic tool to boost sustainable production and consumption patterns; such tool, with the right support and assistance, would also be a great opportunity 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;

Paragraph 15

Notes that a balanced intellectual property rights framework has long been known as an important step in improving the functioning of the internal market, therefore, calls on the Commission to prioritize 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 minimise costs and complexities of administrative procedures, while also addressing the challenges related to patent litigation and allowing open source and open data models for future innovation;

Paragraph 16

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 promoting the reskilling and upskilling of unemployed workers to enable their inclusion into the labour market, and ensuring that SMEs can count on properly trained staff;

calls on the EU Commission and Member States to accelerate and expand initiatives to identify the skill needs and address the gaps in the labour market through education, professional training strategies and skills development programs targeted to SMEs, and regrets that the gap in entrepreneurship and access to finance for micro, small and medium enterprises led by women still persists; calls on Member States to assess the barriers that still hamper 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 further 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 the cooperation between public administration and the private sector in order to boost economic competitiveness;

Paragraph 17

Recalls that the SME strategy needs to cover different sizes and types of SMEs, from traditional, social to high-tech; considers SMEs involved in traditional handicrafts, tourism, cultural and creative sectors and the social economy a particularly vulnerable segment of the SME network; acknowledges their historic, cultural, economic and social value, and calls on

Member States to ensure the sectors' competitiveness, also by promoting generational transition and self-entrepreneurship, by promoting access to information over innovation opportunities and by supporting the protection and enhancement of these sectors;

Calls on the Commission, in the context of SMEs 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 European single market and generate high quality jobs and promote social innovation;

Compromise Amendment 4 - Introduction

Paragraph 18

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, on the implementation of the SME Strategy to be presented in an annual plenary debate on the "State of the SMEs Union"; Notes that following the WHO's pandemic alert and implementation of measures aiming at containing the spread of Covid-19, many European companies were forced to stop or slow down production due to trade restrictions and supply chain disruptions and shortage of raw materials and components from third countries, demonstrating once again the need for the European industry to gain strategic autonomy and decrease dependency from third countries and to ensure that key parts of strategic value chains, including the manufacturing industry, are better located within its borders; calls further on the Commission to ensure that companies supplying medical supplies will not face the same difficulties arising within the internal market and to learn from problems that occurred during the early stages of the COVID19 crisis;

Paragraph 19

Calls for strengthening competition rules to improve SMEs competitiveness as well as their protection from unfair practices that could result in social dumping and labour deregulation; calls on the Commission to ensure the effective enforcement of 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 harness the opportunity to scale-up;

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;

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;

Paragraph 20

Regrets 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 the international level by a structured and predictable regulatory and enabling framework, structured networks, solid information resources and access to investment opportunities and skilled workforce; stresses the importance of increasing SMEs awareness of both the internal and the international markets, its 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 the EU delegations;

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

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; urges therefore for the inclusion in trade agreements of a standalone SME Chapter that signposts Micro and SME-friendly provisions from other chapters and provides a fast means for Micro and SME owners to identify relevant and beneficial aspects of the agreement;

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

Compromise Amendment 5

Paragraph 21

Considers that national and European public administration should lead by example and facilitate and increase-SMEs' and micro-enterprises' participation in public procurement, by simplifying access to information over 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, thereby contributing to the shortening and diversification of supply chains;

calls for more guidance to public authorities and to SMEs on existing flexibilities and adaptation of public procurement rules to this end;

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; also by facilitating SMEs participation in innovation procurements and pre-commercial procurements, which are generally accessible only to larger groups;

Calls for valuing "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 use local SMEs to a certain extent;

Underlines the importance to work 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;

Paragraph 22

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

Compromise Amendment 6

Recital A

whereas the Commission’s communication “An SME strategy for a sustainable and digital Europe“ was published on 10 March 2020, while on 11 March 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, due to the change 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 the upcoming ones related to the digital and green transitions; whereas the Commission should present an updated version of its Communication on “a new strategy for SMEs”, reflecting the points raised in this resolution; whereas European competitiveness is lagging behind other developed economies, threatening Europe’s potential to generate wealth and prosperity;

Recital B

whereas the 24 million SMEs in the EU-27 are the backbone of the economy and generated more than half of the EU’s GDP while employing about 100 million workers before the beginning of the pandemic; 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 simultaneously very complex and heterogeneous given their size and the very diverse 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;

whereas SMEs should be at the centre of the European Green Deal and Digital Strategy, and be properly supported by tailored financial instruments and a SME-friendly legislative environment in order to be enabled to play an important role in the growth of European economy, as well as the broader strategic objectives of the Union, including the environmental objectives by 2050; whereas in its resolution “EU coordinated action to combat the COVID-19 pandemic and its consequences” the 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 European Digital Strategy and the European Green Deal in order to improve their competitiveness and unlock their potential for digitalisation, for deployment of innovative solutions and for tackling pressing environmental and societal concerns; whereas SMEs

contribution will be crucial for the success of these strategies;

Recital C

whereas the economic crisis and the consequent grim economic outlook triggered by the pandemic has 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 many SMEs are suffering from 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;

whereas the pandemic emergency asset purchases from the European Central Bank (ECB) in response to the economic crisis help mainly larger companies, as they rely more on the commercial debt market, but do not improve financial conditions for SMEs; whereas to minimise the economic, social and strategic risks associated with the disappearance of these companies, the EU and the Member States should act boldly and swiftly; 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;

Whereas the impact of the capital shortfall as a consequence of the COVID-19 crisis will differ across sectors, company types and Member States, hence leading to divergences in the internal market; whereas it is important to maintain a level playing field in order to minimise competitiveness distortions 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 stronger from overwhelming and often deregulated global competition;

Recital D

whereas, in the event of a serious second wave of COVID-19, the OECD Outlook does not rule out that by the end of 2021 the loss of income will exceed that of any previous recession in the last 100 years; whereas, following the COVID-19 outbreak, State aid should not lead to distortion of competition on the internal market between SMEs from different countries; whereas, the pandemic has shown the utmost importance for the digital transition and the need for digitalising the economy for a 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;

whereas the adoption of environmentally sustainable practices, innovations and technologies is expected to create new jobs and business opportunities for SMEs whilst improving their competitiveness and reducing their costs, provided the right administrative, regulatory and technical conditions are in place; whereas many SMEs wish to improve their environmental performance, resource and energy efficiency, digitalisation and deployment of innovative solutions which will be crucial to build their long-term and sustainable growth and competitiveness , and will enable 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;

Recital E

whereas, according to the 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 digitalisation of their operations also because of unfair competition from multinational companies, while the same rules should apply both in the digital and non-digital single market 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 the 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;

whereas one of the main challenges to unlock the potential of digitalisation is to find skilled employees; whereas the Commission, Member States and the local governments should act to improve the business environment and SMEs' competitiveness in order to ensure the competitiveness of SMEs as well as a sustainable and long-term economic growth in the European Union, while 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 transition ;

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

Recital F

whereas regulatory burdens should be reduced, as the financial and “hassle” costs of compliance created by overregulation and overly complex administrative procedures, including the challenges related to patent litigation, for instance 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;

Recital G

whereas the EU SME definition is referred to in over 100 EU legal acts covering a wide range of EU policies; whereas the Commission will further examine the current SME 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 15th September 2016 requiring the clarification on the criteria of ‘independence/ autonomy’;

whereas micro-enterprises represent an important share of European SMEs and have very often difficulties in accessing finance as well as in gaining knowledge of the opportunities at the European and at the national level, whereas this category of enterprises has also been hit very hard by the COVID-19 crisis and, without prejudice to the current SME definition, it deserves to receive more assistance and be better promoted;

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;

Compromise Amendment 7

- 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 transactions²,
- having regard to the Commission communication of 7 December 2011 entitled ‘An action plan to improve access to finance for SMEs’ (COM(2011)0870),
- 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 2011³,
- having regard to its resolution of 23 October 2012 on ‘Small and Medium-sized Enterprises (SMEs): competitiveness and business opportunities’⁴,
- 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 Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 – 2020) and repealing Decision No 1639/2006/EC⁵,
- having regard to its resolution of 8 September 2015 on family businesses in Europe⁶,
- 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 10 March 2020 entitled ‘An SME Strategy for a sustainable and digital Europe’ (COM(2020)0103),
- having regard to the European Court of Auditors’ Special Report 02/2020: ‘The SME Instrument in action: an effective and innovative programme facing challenges’,
- having regard to the Commission’s 2020 Spring Economic Forecast,
- having regard to the World Bank’s report ‘Global Economic Prospects’ of June 2020,

¹ OJ L 124, 20.5.2003, p. 36.

² OJ L 48, 23.2.2011, p. 1.

³ OJ C 377 E, 7.12.2012, p. 102.

⁴ OJ C 68 E, 7.3.2014, p. 40.

⁵ OJ L 347, 20.12.2013, p. 33.

⁶ OJ C 316, 22.9.2017, p. 57.

- having regard to Rule 54 of its Rules of Procedure,
- having regard to the report of the Committee on Industry, Research and Energy (A9-0000/2020),

having regard to Article 3(3) TEU which refers to internal market, sustainable development and social market economy,

having regard to the Commission communication of 10 March 2020 entitled “A New Industrial Strategy for Europe (COM(2020) 102 final),

having regard to the Commission communication of 11 March 2020 entitled ‘New Circular Economy Action Plan. For a cleaner and more competitive Europe’ (COM(2020)98),

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

having regard to its resolution of 15 May 2020 on the new multiannual financial framework, own resources and the recovery plan (2020/2631(RSP))

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

having regard to its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences (2020/2616(RSP))

having regard to its resolution of 23 July 2020 on the conclusions of the extraordinary European Council meeting of 17-21 July 2020 (2020/2732(RSP))

having regard to the Commission communication of 27 May 2020 entitled ‘Europe’s moment: Repair and Prepare for the Next Generation’ (COM(2020)456),

having regard to the Commission communication of 27 May 2020 entitled ‘Adjusted Commission Work Programme 2020’ (COM(2020)440),

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

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 OECD Report ‘The Missing Entrepreneurs 2019’