

Covid-19: how the EU can help small businesses



A worker at a small firm in Portugal ©PATRICIA DE MELO MOREIRA/AFP

Small companies have been hit hard by the Covid-19 crisis. MEPs believe the EU can help by easing requirements and supporting their resilience.

In a [report adopted in December](#), Parliament advocated measures to support small and medium-sized enterprises (SMEs) in dealing with the crisis and the twin challenges of digitalisation and decarbonisation.

Why small and medium-sized enterprises matter

SMEs represent the backbone of the economy: they account for 99% of EU businesses with 24 million small and medium enterprises in the EU. They generated more than half of the EU's gross domestic product, while [employing about 100 million workers](#) before the beginning of the

pandemic. The European Union must help them to survive the Covid-19 crisis.

[Parliament's report in December](#) highlighted the need to update the European Commission's SME strategy in the light of the pandemic, since [the Commission published it on 10 March 2020](#), a day before the World Health Organization Issued the Covid-19 pandemic alert.

Some of the proposals of the Commission are aimed at increasing SMEs' access to markets outside the EU and extending the [Erasmus for Young Entrepreneurs](#) scheme that allows aspiring entrepreneurs to learn from experienced businessmen from across the globe.

MEPs also call 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 transition towards a greener and digital Europe. Small business is essential to Europe's competitiveness and prosperity, industrial ecosystems, economic and technological sovereignty, and resilience to external shocks.

Sectors such as tourism, hospitality, culture, creative, transport, trade fairs and events, which are largely composed of SMEs, have been hit the hardest by the Covid-19 crisis.

Need for less bureaucracy

Small and medium enterprises need more resources to overcome complex bureaucratic requirements. The excess of administrative and regulatory burden is hindering their ability to thrive, said MEPs, who called for creating a EU strategy with concrete and binding targets for better regulation and simplification.

Excessive administrative burdens affect the growth potential of SMEs across the Union. Administrative procedures represent a major challenge to 78% of SMEs, according to the [2019 Business Survey by Eurochambres](#).

The complex formalities make it difficult for SMEs, especially micro-enterprises, to get funding for their basic functioning. MEPs expressed concern regarding the difficulties in obtaining funding from the European Investment Bank, which is why they called for a temporary relaxation of EU state aid rules.

Focus on innovation and market access

Parliament also wants SMEs to be taken into account in investments for innovation. This includes the need to develop pilot initiatives to accelerate SMEs' take up of e-commerce solutions since the pandemic has pushed small enterprises to digital business models. Only 17% of SMEs have so far successfully integrated digital technology into their businesses. They need support to make use of innovation opportunities and to maximise synergies with EU programmes.

MEPs call on the Commission and EU countries to invest in the data economy, artificial intelligence, smart production, the Internet of Things and quantum computing and to ensure a strong SME component in these fields..

Currently, about 600,000 SMEs are exporting outside the EU. MEPs say these enterprises will improve their competitiveness only if supported both at the local and international levels.

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[Video of the debate](#)