

# SETTING AMBITIOUS GOALS FOR THE FUTURE EU SME POLICY

BUSINESSEUROPE

To take full advantage of the accelerated pace of economic and societal challenges, SMEs call for **strengthening the EU SME policy** during the next political cycle, in close connection with the main EU strategies, such as the integrated EU industrial strategy. The EU SME policy should be strengthened by:

- developing a more visible and more coherent **horizontal EU SME policy action agenda**, building on the EU Small Business Act (SBA);
- ensuring that **all growth-related EU strategies** include clear aims in terms of **promoting SME growth**.

The next **Multi-annual Financial Framework** should include programmes of real European added value for SME competitiveness and development. The relevant implementing measures should clearly identify, and specifically support, SMEs as a distinct category. The **Structural Funds** should put more emphasis on financing investment by SMEs in innovation and skills, and encourage interaction between SMEs and large companies.

BusinessEurope holds the very broad consensus view that the basic structure of the **EU SME definition** of 2003 should not be fundamentally modified, except for increasing financial parameters to account for inflation since 2003.

Active national SME policies should be developed, in clear connection with the EU SME policy. The **EU SME policy** should be geared towards the **following goals** in particular, in line with the vision proposed by BusinessEurope for the EU in 2030<sup>1</sup>:

## LET SMEs WORK IN A MODERN LEGAL AND ADMINISTRATIVE ENVIRONMENT

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Deploying promising new digital-based business models in today's regulatory landscape is often very challenging. Old rules have become unclear or conflicting with each other in the digital context. This can also be the case for recent rules. SMEs need **EU rules** that are **future-proof and sufficiently flexible** to allow for innovation, new business models and digital transformation.

The impact of EU draft legislation and other policy initiatives/programs on SMEs should be better assessed, to **avoid** that SMEs carry **disproportionate administrative burdens**.

## AN SME - FRIENDLY SINGLE MARKET MUST BE ACHIEVED

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To unleash SME growth in the Single Market, it is essential to:

- A) Improve SME **access to information** on markets and regulations;
- B) **Simplify** the administrative **procedures** needed to operate cross-border;
- C) **Tackle barriers** due to bad implementation and lack of enforcement of the Single Market legislation. Examples are the lack of Market Surveillance and "gold-plating" practices;
- D) Ensure that national legislative activity does **not generate new barriers** to trade (e.g. due to the non-respect of notification mechanisms);
- E) Adopt EU rules that reflect the realities of **a new generation of products** where goods, services and digital technology come as one.

<sup>1</sup>Link: [A Europe with opportunities for all - A Business Ambition for 2030](#)

## HELP SMEs TO INTERNATIONALISE OUTSIDE THE EU

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**An ambitious EU trade agenda is needed.** Awareness-raising and administrative simplification are needed to encourage more SMEs to take advantage of the preferential tariffs set by the **Free Trade Agreements** (FTAs) signed by the EU. It should be simpler for an SME to demonstrate that its products/services qualify for preferential tariffs. The future FTAs should contain a specific **chapter on SMEs**, and the **EU Market Access Strategy** should also have an **SME focus**. **EU services** in the area of **SME internationalization** (Enterprise Europe Network and other services) should be further improved while maintaining synergies with national services.

## SUPPORT SMEs IN THE DIGITAL TRANSFORMATION

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The **EU** should step up efforts to **coordinate** national digitalisation initiatives. An **ambitious Digital Europe Programme** operating in synergy with other relevant EU programmes is needed to accelerate the digital transition of SMEs, including adoption of the industry 4.0. model and establishment of a well-designed Network of Digital Innovation Hubs. In order to enhance **cyber security**, it is essential to raise SMEs awareness about cyber risks, improve the protection of digital infrastructure through the definition of shared standards and increase investment in personnel education. A fair and dynamic **platform economy** must be enabled, which upholds trust of citizens and business users. The **free movement** of and SME access to **data** must be ensured.

## SUPPORT SMEs IN THEIR INNOVATION EFFORTS

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The EU should **strengthen the research and innovation ecosystem**, with all its components: large companies, SMEs, research and technology organisations (RTOs), academia, the private/public sources of innovation finance, etc. The aim should be to support all innovative SMEs, whether they work on disruptive innovations or not. Creating **an EU innovation-friendly market framework** is key in particular for progressing the sustainability agenda. Within that framework, **government** should act as **launching customer** for innovative products and systems linked to the energy transition, the circular economy, etc.

## IMPROVE SME ACCESS TO FINANCE

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**Enhancing capital markets and the regulatory environment** for SME financing is key. The EU should encourage the market-based development of **alternative financing sources**, e.g. equity and venture capital. Banks should also consider **qualitative elements** in addition to quantitative analysis when assessing SME **credit applications**.

**EU financial instruments** supplying loan guarantees and equity funds are **very efficient tools** that should be further implemented.

## ENHANCE SME ACCESS TO SKILLS, TALENTS AND EXTERNAL ADVICE

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Skills shortages and mismatches create bottlenecks to SME growth. It is vital to improve SME **access to a skilled workforce and external advice** that can help them to seize the new market, technology and financing opportunities. Entrepreneurs should have access to **tools** that help developing their skills for taking on their **societal responsibilities**. **Labour markets** are also a key priority for **reforms**.

