



BUSINESSEUROPE INPUT TO THE EUROPEAN COMMISSION'S SME RELIEF PACKAGE

INTRODUCTION

The last three years have been extremely challenging for Europe's all-sized enterprises with the economic shockwaves from the war in Ukraine eroding the tentative recovery from the pandemic and further undermining already disrupted global supply chains. SMEs, in particular, often lack the margins, economies of scale and in-house human resources to mitigate the impact of additional challenges. This also applies to challenges connected to the regulatory environment.

In its recent "[Call for action to boost competitiveness and create regulatory breathing space](#)" BusinessEurope already identified 11 actions to boost competitiveness and create regulatory breathing space for business. Building on this, we welcome the announcement by the European Commission to put forward an SME Relief Package in 2023. For BusinessEurope, this should comprise a real supportive set of actions and measures tailored to SMEs, and should focus on the following priority actions.

BETTER REGULATION

To improve the quality and the effectiveness of the EU SME Test, we propose the following actions¹:

1. In line with the "think small first" principle, the Commission services must reflect on SME needs early in the impact assessment (IA) process. This could be done systematically, foreseeing a more inclusive involvement of SME stakeholders.
2. IAs should include proper chapters dedicated to thoroughly assessing the impact on SMEs.
3. IAs should differentiate between different size-classes of SMEs (micro, small, and medium) to allow for a more granular and targeted assessment of each initiative's impact.
4. IAs must assess the indirect effect of policies, thus going further than assessing the sole direct effect of a policy. To quote the Regulatory Scrutiny Board, proposals must "explore the unintended consequences (...) on SMEs."

Besides, we believe the Regulatory Scrutiny Board (RSB) role to support the SME Test analysis should be improved in the interest of SMEs. To do so, we propose the following action:

5. make sure that at least one member of the RSB has an extensive and proven strong expertise on SME-related issues. This is crucial if we want to improve the quality control and support for Commission impact assessments and evaluations at early stages of the legislative process concerning the impact and costs of proposals on European SMEs.

¹The full set of recommendations can be found [here](#).

Last, it is crucial that EU legislative proposals, once adopted, do not introduce direct or indirect cumulative burdens or costs on SMEs which were not initially foreseeable or expected. To improve the situation, we propose the following action:

6. the Commission should pilot at EU level an “SME Programme on reducing cumulative regulatory burden” to provide relief to SMEs. Such a programme should use a bottom-up methodology to identify, measure, analyse and reduce cumulative regulatory burden of existing legislation in specific SME sectors. The pilot programme should build on a tested methodology that has already been developed and used at a Member State level (e.g., the Netherland and Germany).

SUSTAINABILITY

To continue the path of sustainability, the European Commission should make sure that all European SMEs are supported with:

7. financial solutions and SME-friendly incentives (e.g. tools to encourage the inclusion - even temporary - of sustainability managers in SMEs; vouchers to reduce the costs of quality system certifications).
8. training programmes needed to provide SMEs with adequate skills, necessary to identify and leverage ESG opportunities for long-term success.
9. effective “dedicated sustainability advisors and other sustainability services” as announced in the 2020 SME Strategy. Their structure and role are still unclear to SMEs.
10. sustainability reporting standards that are simplified so to facilitate SMEs operating in a supply chain and in their relationship with banks and financial institutions.

ONLINE ACCESS TO INFORMATION

The best way to improve information access, is to provide business with all procedures and necessary information in one “Single Market access point” accessible also through the Single Digital Gateway. The following actions are needed:

11. availability of comprehensive information and e-procedures, regardless of whether the request originates from a national or foreign business.
12. provision of one single, coordinated answer from a contact point in the Member State concerned, whenever an inquiry is submitted by a business.
13. information and relevant documents in English as default, on top of the official national languages and any other languages chosen by the Member State concerned.

LATE PAYMENT AND ACCESS TO FINANCE

It is crucial that some upcoming EU initiatives are tailored to ensure a fair business environment and support SMEs financing and investment efforts. To do so, in the months to come, it will be key to ensure that:

14. the ongoing revision of the Late Payment Directive focuses on making public authorities lead by example, preserving freedom of contract in B2B transactions, enhancing the culture of prompt payment, strengthening the foreseen automatic compensation and supporting SMEs in enforcement of their rights².
15. we move towards a more European approach to export credits. We suggest to accelerate the work on a European strategy for export credits in order to provide a more effective and consistent export credit (guarantee) offer across the entire EU, focusing also on solutions that cater for the needs of SMEs. The creation of an EU Export Credit Agency could be considered.
16. the upcoming Retail Investment Strategy, one of the next major projects in the Capital Market Union, is tailored in a way to enhance the participation of retail investors in EU capital markets. Our main concern is about the impact for small and micro-companies (less than 10 million € turnover) of a general ban of inducements. This measure will trigger an “advice gap” and generate an “investment gap” detrimental to the financing of the European economy.
17. the European Commission proposal for the 2023 mid-term review of MFF 2021-2027 put SMEs at its core and does not reduce existing funds for European SMEs.
18. negotiations on possible implementation of the Debt Equity Bias Reduction Allowance (DEBRA) proposals must both reduce its complexity and ensure that SMEs are not penalised, in particular by the withdrawal of full debt relief.

²BusinessEurope views on the revision of the Late Payment Directive are available [here](#).

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BusinessEurope is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for all sized enterprises in 35 European countries whose national business federations are our direct members.



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