



“**S**mart, **M**odern, **E**mpowering – Inspiration for future SME policies”

50th Meeting of the EU Network of SME Envoys
June 13th, 2024 in Berlin

On the occasion of the 50th Meeting of the EU Network of SME Envoys¹ at the start of the new legislative period, we, the national SME Envoys and representatives of business organisations, have discussed and assembled key points to inspire and guide future EU policies for SMEs and entrepreneurs. We call for **smart, modern and empowering** policies, which allow SMEs to thrive and reach their full potential while strengthening their resilience to economic shocks. To this end, we ask all EU institutions to acknowledge the substantial contribution of SMEs to the Single Market and EU competitiveness and to empower SMEs to flourish within coherent and conducive framework conditions.

As policy makers and SME associations committed to advancing the prosperity and sustainability of the European Union, we recognize the indispensable role SMEs play in building resilient democratic and prosperous societies. At the beginning of this new institutional cycle, it is time to improve the focus on SMEs and put them at the core of policies. We must empower SMEs to lead the way towards a green and digital transition while systematically reducing unnecessary regulatory burdens and barriers, leaving room for the creativity, innovation and entrepreneurial spirit that make SMEs uniquely valuable.

1. SMEs represent over 99% of all companies in the European Single Market.

They contribute to its dynamism, competitiveness, and overall economic performance. Hence, policy making at EU and national level should focus more on SMEs and their characteristics. We therefore REMIND all EU institutions and governments to rigorously apply the “think small first” principle in all policy design, legislative and implementation processes, including the SME test, with clear cost-benefit assessments. We REITERATE the importance of a serious effort towards

better regulation through the consistent application of the already existing instruments, such as impact assessments and the Competitiveness Check.

- 2. SMEs need space to focus on their core business.** Due to their specificities and circumstances, SMEs do not always have the capacity to handle complex multiple regulations, including in cross-border contexts. We WELCOME the Commission's pledge to reduce the burden resulting from reporting requirements in EU legislation by at least 25 percent without undermining the related policy objectives and CALL in particular for the abolition of duplicate, contradictory or non-coherent reporting obligations. We ENCOURAGE further policies that significantly reduce unnecessary administrative burdens, harmonize standards and regulations, streamline regulatory processes, accelerate the development of SMEs and facilitate the use of digital solutions.

We STRIVE for the rigorous advancement of digitalisation, which must be present in our thinking at all stages of the legislative process. We SUGGEST to consistently conducting effective digital-readiness checks with the aim of improving the quality of legislation at Union level.

- 3. SMEs need a functioning Single Market.**² When posting workers within the EU internal market, enterprises face a variety of different registration systems. We therefore WELCOME the initiative of the Commission to develop a voluntary common form for posted workers declarations and to make available a voluntary multilingual portal to allow companies to submit posting declarations digitally in their own language. Interested Member States can use the eDeclaration and/or the portal on a voluntary basis. The initiative should make a major contribution towards improved enforcement of the applicable legislation for posted workers and a higher level of employee protection.

- 4. SMEs need a level playing field.** Many products and services from third countries sold on e-commerce platforms at very low prices do not respect European standards relating to the environment, product safety, consumer protection or human rights. We CALL for effective protection of SMEs as well as effective implementation and enforcement of relevant legislation. This will also help to further improve consumer protection.

Furthermore, we CALL upon the Commission to effectively address unfair commercial practices and cross-border market distorting business-to-business activities, to benefit SMEs and consumers.

- 5. SMEs drive the transition towards a green and digital economy.** They develop and adopt innovative and green solutions such as renewable energy and technologies. We STRIVE for policies that further build on the Green Deal to achieve a growth agenda, incentivising sustainable practices, circular economy initiatives and renewable energy adoption among SMEs to combat climate change and to position the EU as a global frontrunner, whilst ensuring leadership in emerging technologies.

We WELCOME the fact that the Corporate Sustainability Reporting Directive creates a common framework to make companies' information on sustainability comparable across Europe. At the same time, we ASK for a proportionate application of its principles taking into account the reporting burden on SMEs. As the trickle-down effect of this regulation represents a significant challenge for SMEs, we CALL on the Commission to establish the Voluntary SME standard (VSME) as a cap for SMEs in the value chain and to ensure a common understanding along the value chain to prevent pressure on SMEs to go unnecessarily beyond this standard.

- 6. SMEs boost innovation,** by driving technological advancements, and investigating, exploring, creating, and fostering a dynamic and competitive business environment. We ENCOURAGE investments in SME-led innovation, research and technology adoption, enabling SMEs to develop and deliver cutting-edge products and services that address societal challenges.

We CALL for improved access to finance, funding opportunities, and business support services tailored to the unique needs of SMEs and EMPHASISE the need for effective and diversified financing instruments, which are easily accessible for SMEs.

We STRESS the importance of incentivizing innovative SME participation in big investment projects such as Horizon Europe, ERDF and IPCEI as well as in public procurement.

- 7. SMEs provide stable jobs for around 100 million persons in the EU.** We STAND FOR an enabling environment that encourages SMEs' growth and promotes entrepreneurship to bolster employment opportunities throughout the European Union. We COMMIT to support the Commission in the design of supporting measures for business transfers. The assessment of framework conditions for business transfers made by the Network of SME Envoys can act as a starting point for further reflection.

We further CALL FOR the ambitious implementation of the SME pillar of the Single Market Programme by providing continued financial support for successful instruments such as the European Enterprise Network or the Joint Cluster Initiatives.

8. SMEs contribute significantly to skills development, training and integration. We COMMIT to investing in skills and training ecosystems for SMEs that are tailored to their specific needs and challenges, such as digital skills, financial literacy, problem solving and management skills, as well as sustainability. We ADVOCATE for ecosystems that foster collaboration between SMEs, educational institutions, and training providers to facilitate knowledge sharing, skills transfer and lifelong learning.

9. SMEs are very diverse with respect to their size, age, sector and aspirations. We ENCOURAGE entrepreneurial spirit as the driving force for founding or taking over a business or an innovative start-up and STRIVE for policies that enable growth and participation in international trade. We ASK the Commission to carry out an analysis of the financial thresholds set out by the SME definition, in order to consider inflation.

Since statistical data on small mid-caps is scarce, we ENCOURAGE the Commission to do more analysis on this group of companies to be used as a base for further discussions about their specific needs and their role in Europe's economic transition.

We COMMIT to support female entrepreneurship and CALL on the Commission to assess the barriers that still prevent women from fully unleashing their entrepreneurial potential and to enhance the exchange of best practices.

10. SMEs play a vital role in nurturing social cohesion and regional development. We PROMOTE policies, including cohesion policy, that strengthen local and regional economies, encourage community engagement and empower SMEs to contribute to inclusive growth and development as well as to benefit from the Single Market.

11. SMEs contribute to pluralism and democracy. Their engagement builds trust, strengthens social bonds, provides local jobs and enhances the quality of life within communities and regions. We ENCOURAGE EU institutions, governments and civil society to value SMEs and entrepreneurs as an integral part of the social fabric of our societies and to engage in meaningful dialogue with them.

12. SMEs need a strong advocate within the Commission. We strongly ENCOURAGE EU institutions, particularly the Commission, to swiftly appoint the EU SME Envoy to provide guidance and advice to the Commission on SME issues and to make full use of the Network of SME Envoys, including SME representative organisations.

As national SME Envoys and Partners of the Network of SME Envoys, we CONTINUE to provide our advice and full support to promote **smart, modern and empowering policies for SMEs.**