SME Strategy

for sustainable, digital and resilient industrial ecosystems in Europe

European Commission

DG GROW, Unit H1 SME Strategy
European SMEs and Economic Recovery

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THE IMPORTANCE OF SMEs IN THE EU

SMEs are **the main fabric of Europe’s economy** across all 14 ecosystems.

SMEs are **drivers of innovations**.

SMEs are **key elements in every value chain**.
THE IMPORTANCE OF SMEs IN THE EU

99.8% enterprises

68.6% jobs

58% of added value
SMEs in the industrial ecosystems

Warning:

Preliminary data

* Underestimation due to data availability
The SME Strategy—The long-term framework for economic recovery

MOVING FROM SHORT TERM RELIEF TO ECONOMIC RECOVERY: SME STRATEGY AND COVID-19 CRISIS

• The SME strategy was adopted on 10 March—just before the COVID-19 crisis hit the EU with full force.

• Nevertheless, the SME strategy now more important than ever as a key tool for post-crisis recovery.

• The SME Strategy covers the recovery’s main features: sustainability, digitalization and will help companies to build resilience.
The SME Strategy- the long-term framework for economic recovery

EVIDENCE BASED POLICY: EUROBAROMETER CONFIRMS SME STRATEGY’S PRIORITIES

2020 Eurobarometer (over 12,000 SMEs) confirms relevance of the SME strategy

• It addresses the most prominent problems of SMEs:
  • Regulatory obstacles or administrative burden (55%)
  • Payment delays (35%)
  • Poor access to finance (21%)
  • Lack of skills (17%)

• Identifies sustainability and digitalisation as priorities for SMEs

➢ all key areas of the new SME strategy
➢ crucial for the recovery period
The SME Strategy - the long-term framework for economic recovery

EUROPEAN SME STRATEGY – 3 PILLARS

Digitalisation & Sustainability

Focus on capacity building:
- Sustainability services under the EEN
- European Innovation Council: funding for green projects
- Digital Innovation Hubs

Access to finance

Closing the market gap:
- InvestEU SME window, promoting EU priorities
- SME IPO fund
- ESCALAR

Cutting red tape and tapping into markets

Reducing burden and prompting payments:
- Single Digital Gateway as one stop shop
- Cross border pilot
- Enforcement of Late Payment Directive
- Start-up Standard
SME Strategy - the twin transition

CHALLENGES OF THE GREEN AND DIGITAL TRANSITIONS

75% of SMEs in Europe DO NOT offer green products or services

50% of EU SMEs DO NOT undertake innovation
SME Strategy - the twin transition

CHALLENGES OF THE GREEN AND DIGITAL TRANSITIONS

SMEs successfully using digital technologies

SMEs not yet successful in integrating digital technologies in their business model

83% of SMEs have not yet successfully integrated digital technologies in their business model
SME Strategy - the twin transition

SUSTAINABILITY AND DIGITALISATION

<table>
<thead>
<tr>
<th>Enterprise Europe Network</th>
<th>Digital Innovation Hubs</th>
<th>European Innovation Council</th>
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<tbody>
<tr>
<td>• <strong>Sustainability Advisors</strong> to guide SMEs on practical ways to become more sustainable</td>
<td>• 240 regional hubs to advise SMEs on using <strong>digital innovation</strong></td>
<td>• 300 million euros in 2020 for <strong>innovation</strong> delivering Green Deal objectives</td>
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</table>
SME Strategy- the twin transition

AN UPGRADED ENTERPRISE EUROPE NETWORK

NEW!
Sustainability Advisors and other sustainability services*

*Figures show number of EEN members in country rather than number of dedicated Sustainability Advisors, which in many cases will be more.

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SME Strategy - cutting red tape and tapping into markets

CHALLENGES OF LATE PAYMENT

60%

Of businesses in the EU are paid late
One out of four bankruptcies could be prevented if payments were made on time.
SME Strategy - cutting red tape and tapping into markets

**CHALLENGES OF TAPPING IN THE SINGLE MARKET**

- Complex administrative procedures are the biggest obstacle in the Single Market: 78%
- Other: 22%

Costs incurred by SMEs in the business services sector when complying with administrative formalities: €10,000

Complex administrative procedures are the biggest obstacle when operating in the Single Market for 78% SMEs.

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SME Strategy- access to finance

**CHALLENGES OF ACCESS TO FINANCE**

Every year, SMEs experience a finance gap of 20-35 billion EUR

<table>
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<th>Banks</th>
<th>Capital markets</th>
<th>Venture Capital</th>
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<tr>
<td>18%</td>
<td>10%</td>
<td>8 times</td>
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</table>

- of SMEs in the EU did not obtain the full bank loan they had planned for
- of businesses in Europe used capital market finance compared to more than 25% in the US
- Venture capital investments in Europe are roughly 8 times smaller than in the US
## SME Strategy - access to finance

### ACTIONS UNDER THE SME STRATEGY

<table>
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<tr>
<th>Entering EU stock markets</th>
<th>Helping high-potential enterprises scale up</th>
<th>Boost funding for female-led companies and funds</th>
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<tbody>
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<td>• Make it more attractive for SMEs to go public in Europe</td>
<td>• ESCALAR initiative</td>
<td>• gender-smart finance initiative</td>
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<tr>
<td>• SME Initial Public Offering Fund to launch in 2021</td>
<td>• attracting more private investments</td>
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<td>• boosting the size of venture capital funds</td>
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</table>
SME policy governance and monitoring

EU SME ENVOY - A PARTNERSHIP FOR DELIVERY AND MONITORING OF SME POLICY

EP, Council, CoR, EESC
Local and regional authorities

Annual report to COMPET Council

SMEs, Startups and Business Organisations

European Commission
Regulatory Scrutiny Board
Fit-4-future platform
Single market enforcement task force

Member States/ National Envoys

Strategic Entrepreneurship Ambassadors

European Semester
Enhanced SME Performance Review

EU SME ENVOY

EU SME ENVOY - A PARTNERSHIP FOR DELIVERY AND MONITORING OF SME POLICY
SME policy governance and monitoring

MONITORING SME POLICY IMPLEMENTATION

The reports feed into the European Semester process.

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Thank you

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