

SME Strategy

for sustainable, digital and resilient
industrial ecosystems in Europe

European Commission

DG GROW, Unit H1 SME Strategy



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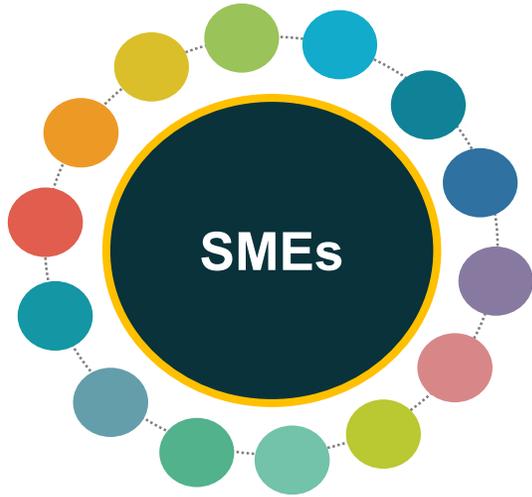
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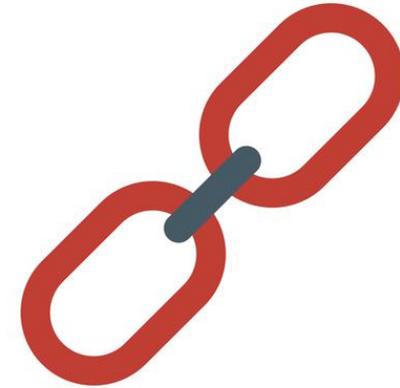
THE IMPORTANCE OF SMEs IN THE EU



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%

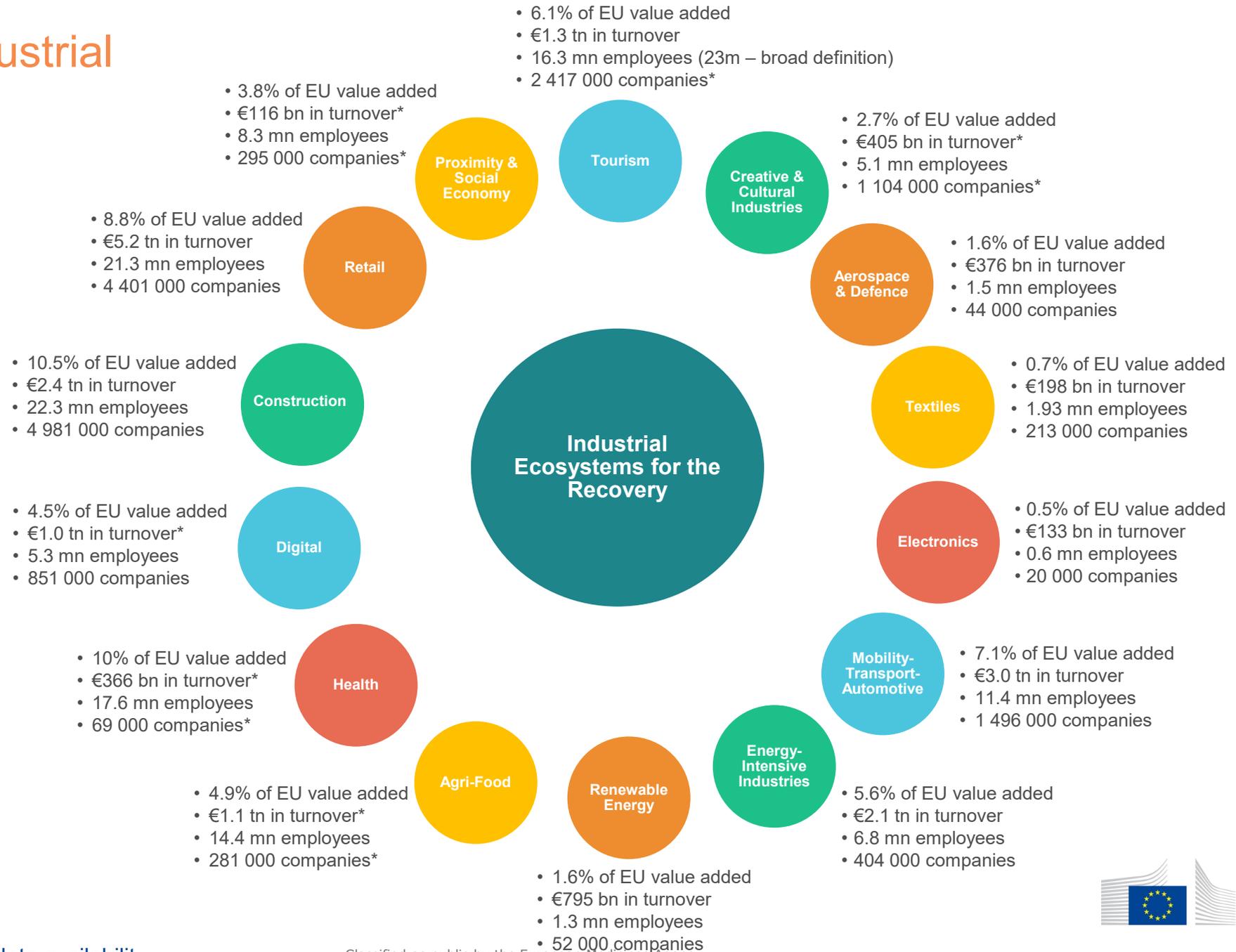
jobs



58%

of added value

SMEs in the industrial ecosystems



Warning:

Preliminary data

* Underestimation due to data availability

Classified as public by the European Medicines Agency



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%

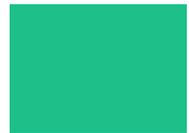
of EU SMEs DO NOT undertake innovation

SME Strategy- the twin transition

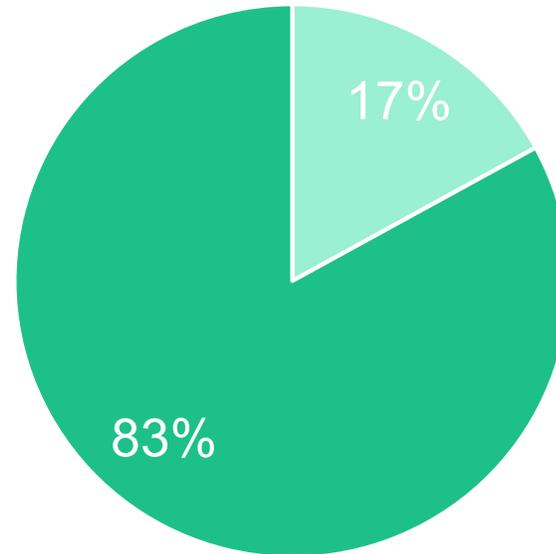
CHALLENGES OF THE GREEN AND DIGITAL TRANSITIONS



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

Enterprise Europe Network

- **Sustainability Advisors** to guide SMEs on practical ways to become more sustainable

Digital Innovation Hubs

- 240 regional hubs to advise SMEs on using **digital innovation**

European Innovation Council

- 300 million euros in 2020 for **innovation** delivering Green Deal objectives

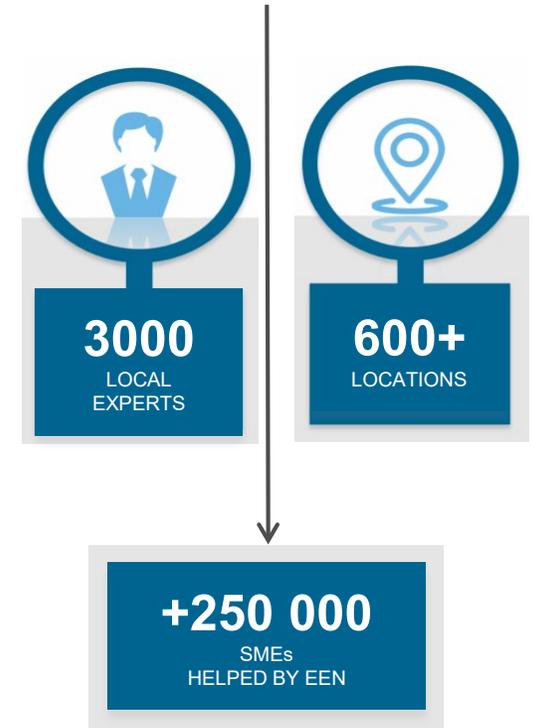
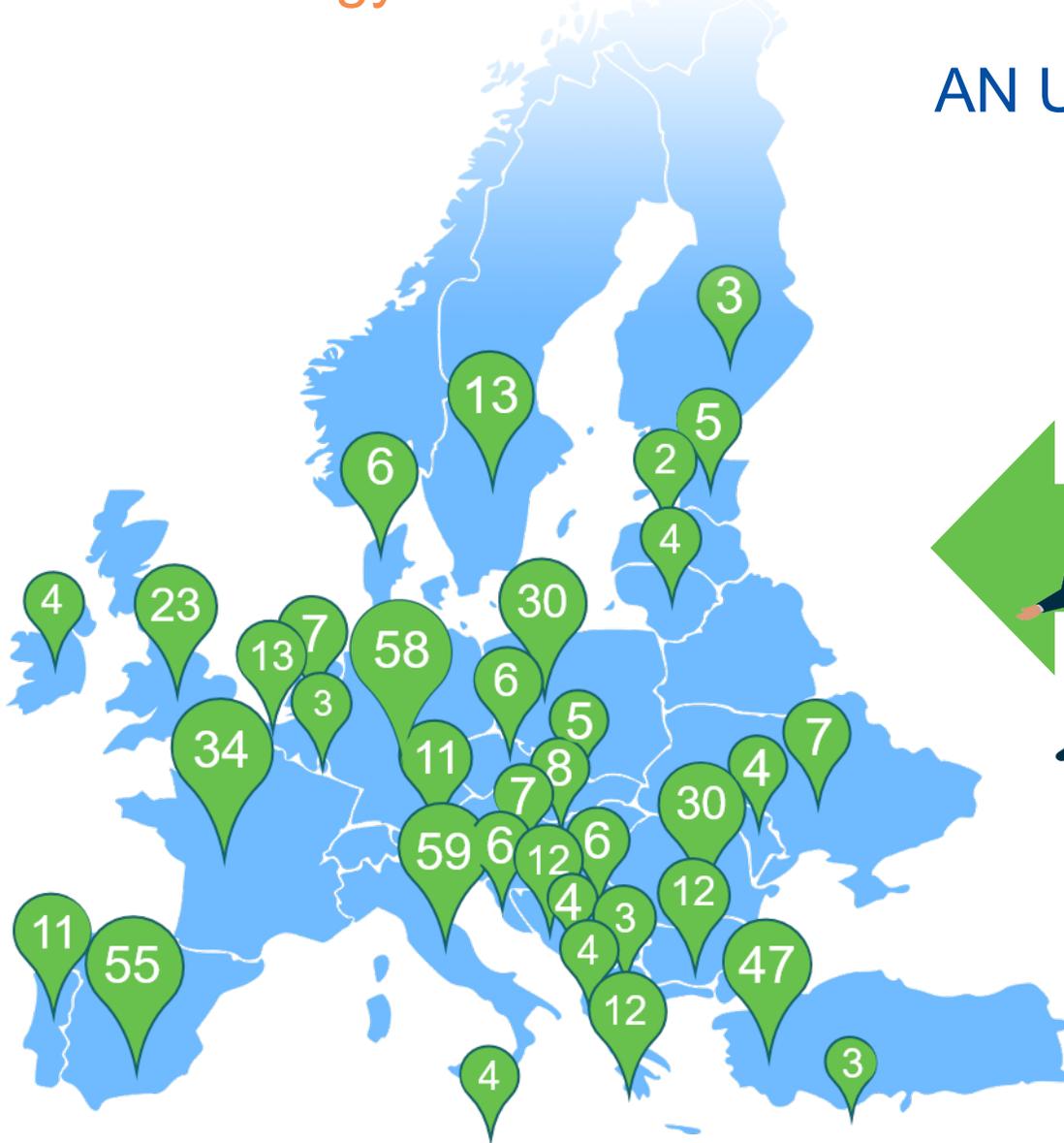


SME Strategy- the twin transition

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.

SME Strategy- cutting red tape and tapping into markets

CHALLENGES OF LATE PAYMENT



60%

Of businesses in the
EU are paid late



SME Strategy- cutting red tape and tapping into markets

CHALLENGES OF LATE PAYMENT

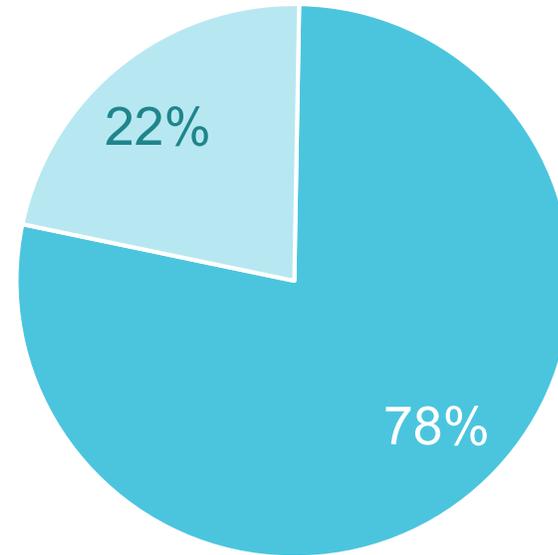
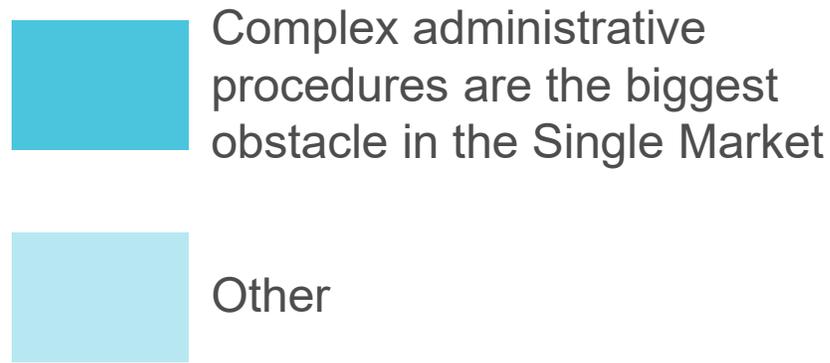


One out of four
bankruptcies
could be prevented
if payments were
made on time



SME Strategy- cutting red tape and tapping into markets

CHALLENGES OF TAPPING IN THE SINGLE MARKET



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



€ 10.000

Costs incurred by SMEs in the business services sector when complying with **administrative formalities**

SME Strategy- access to finance

CHALLENGES OF ACCESS TO FINANCE

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

Banks

18%

of SMEs in the EU did not obtain the full bank loan they had planned for

Capital markets

10%

of businesses in Europe used capital market finance compared to more than 25% in the US

Venture Capital

8 times

Venture capital investments in Europe are roughly 8 times smaller than in the US

SME Strategy- access to finance

ACTIONS UNDER THE SME STRATEGY

Entering EU stock markets

- Make it more attractive for SMEs to go public in Europe
- SME Initial Public Offering Fund to launch in 2021

Helping high-potential enterprises scale up

- ESCALAR initiative
- attracting more private investments
- boosting the size of venture capital funds

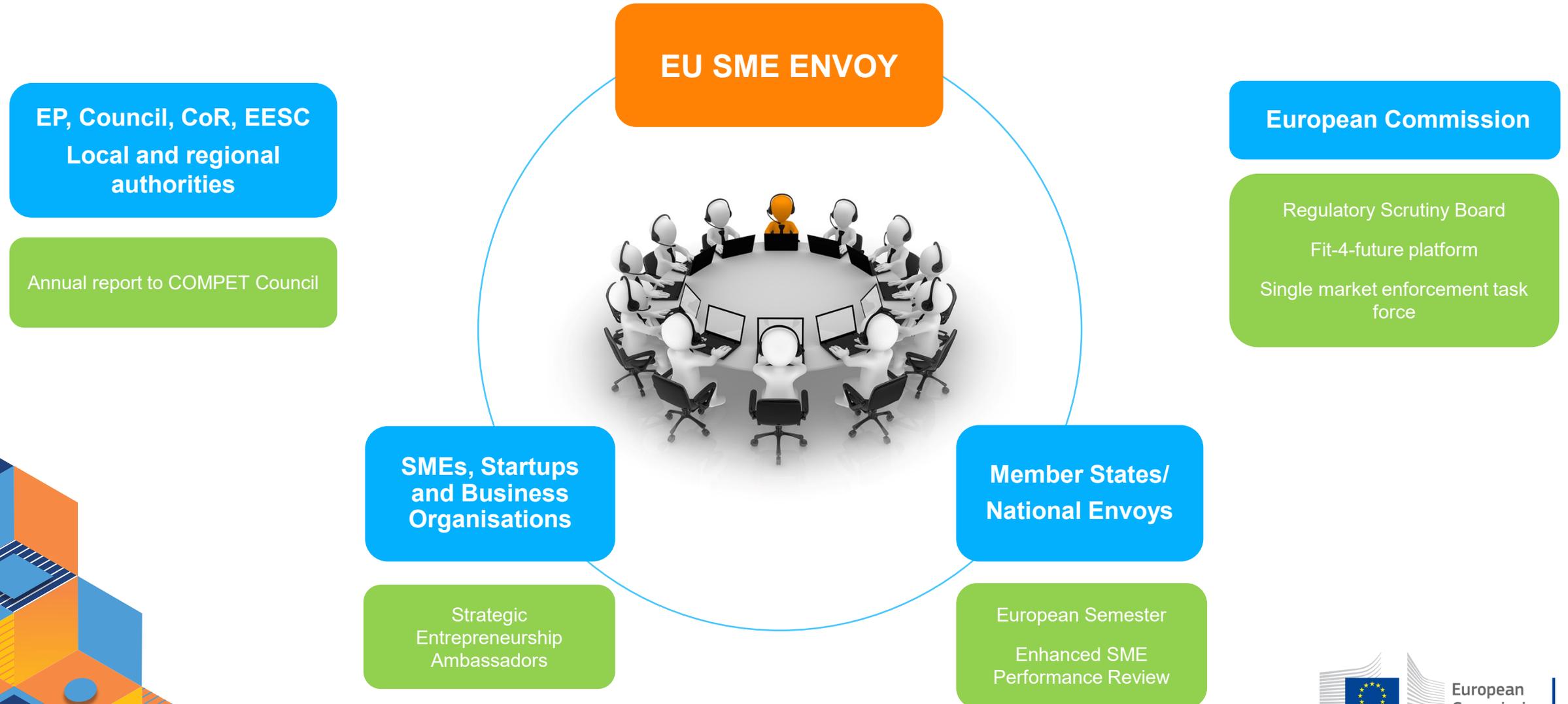
Boost funding for female-led companies and funds

- gender-smart finance initiative



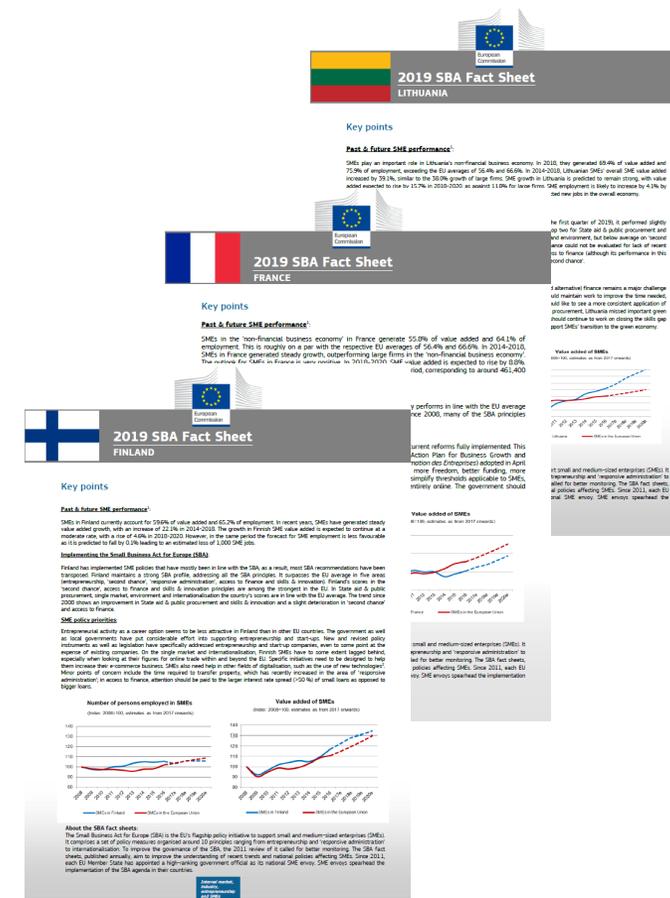
SME policy governance and monitoring

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.



Thank you



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