

Webinar Summary

28 October 2021

Brussels

Key recommendation for policymakers on how to ensure sound economic recovery for SMEs post-pandemic.

On 25 October, the European Enterprise Alliance held an online event where lawmakers, national stakeholders and business representatives addressed the most significant obstacles that hampered economic recovery for SMEs and presented the policy recommendation to ensure their future growth.

The first part of this event focused on the current state of economic performance among small and medium-sized businesses and entrepreneurs in Central and Eastern Europe. Speakers provided an overview of administrative and regulatory burdens that hamper economic recovery for SMEs.

Mr. Zlotowski, Member of the European Parliament, European Conservatives and Reformists Group, Poland, opened the debate by pointing to the Single Market aspect of the economic recovery and said, *"problems are arising from the dysfunctionality of the single market, which affects companies operating across borders. Various administrative and control measures, so-called non-tariff measures, also restrict companies' operations from the certain Member States"*.

Mr. Dražen Oreščanin, Executive Director, the Voice of Entrepreneurs, Croatia, added that *"many Croatian SMEs operate in the tourism sector, and the pandemic effect on them was enormous. Some of those businesses overcame the difficulties with the last season, but still, a certain number are struggling, have decided to change the sector, or filed for bankruptcy. Currently, Croatian business also struggles with the increasing electricity and energy prices that will harm many SMEs"*. He also pointed out that *"despite government programmes supporting employees' salaries during the covid, many enterprises*

could not benefit from it".

Following his statement, Ms. Milena Angelova, Member of the European Economic and Social Committee (EESC), Rapporteur on SMEs, Vice-President of SGI Europe and Secretary-General of Bulgarian Industrial Capital Association (BICA), highlighted the fact that *"although the European Commission is not planning on evaluating the definition of an SME, the group or employers called for an Ombudsman Network for SMEs where they can work towards improved access to the European stakeholders and discuss the solution for this group of enterprises"*.

Dr. Horst Heitz, Chair SME Connect Steering Committee; Executive Director SME Europe of the EPP, also mentioned that *"there is also a reason why Brussels has to work closely with capitals as a one-size-fits-all doesn't work for many businesses. It's crucial to complete the single market and cut the red tape whenever possible. Especially when SMEs voice specific needs in handling the green and digital transition."* He stressed that *"bureaucracy burdens should be kept to the minimum to ensure a live-work balance for, especially micro or single-person enterprises"*.

Ms. Mira-Maria Kontkanen, Head of the Federation of Finnish Enterprises (Suomen Yrittäjät) EU-office in Brussels, Member of the European Economic and Social Committee, pointed to another problem that SMEs often face – financing. *"One of the regulatory issue examples of having the opposite effect on SMEs is the current regulation on access to capital when proposed changes might actually limit access to finance for the SMEs in the long run"*, she said and added, *"what is quite worrying in Finland, the lack of interest in increasing employment. The current regulatory environment in the EU doesn't decrease the companies' risk to encourage them to employ the first worker or grow the business"*.

Mr. Damir Filipovic, Secretary-General, the European Enterprise Alliance, concluded this part by pointing towards the challenges that the EU is now facing. *"We are currently facing the most profound crisis in the EU, as it is threatening everyone. It is not limited to one Member State or one sector. It impacts everyone across the EU"*, he said and added, *"Fitfor55 includes thirteen legislative proposals with long term impact on all, which, if added to the crisis we have, the EU and national capitals might not have a capacity to deal with. We saw how the Covid outbreak in March 2020 dismantled the EU Single Market in a few weeks. Therefore, we need to be more alert to this and focus on solving day-to-day problems in Europe"*.

During the second part of this event, speakers presented a list of recommendations for policymakers to ensure that SMEs thrive in a post-pandemic economic reality and discussed the legislation and policies proposals, including the Next Generation SME Strategy.

Key recommendation to improve the situation for SMEs in Europe

- Include the SMEs representatives into the decision-making process on the national and European level and make them part of the solution. Provide them access to the decision-makers on the national and European levels.
- Improve impact assessments to focus on SMEs specific needs and problems when designing legislation.
- Create legislation that is dedicated to SMEs. Avoid SMEs being collateral damage of the regulation targeted at big companies.
- Include monitoring mechanisms in national recovery and resilient plans, where social partners are included to cover real needs of SMEs.
- Make sure that the recovery funds end up in the right hands and reach SMEs in need.
- Introduce a mechanism to facilitate 'the second start of the entrepreneurs' and help companies deal with bankruptcies.
- Work on decreasing regulatory and administrative burdens for SMEs, especially in cross-border context.
- Create a 'true Single Market' with clear rules to operate cross-border and tackle the discriminatory national policies. Enforce more thoroughly existing regulations.
- The Green transition should focus on specific recommendations and consider the specificity of SMEs environment and capabilities to adhere to the new requirements.

For further information please contact:

Natalia Macyra
Deputy Secretary-General
European Enterprise Alliance
macyra@enterprisealliance.eu