

SMEs are too big to fail

EUROPE NEEDS TO START CONCENTRATING ON ITS SMES TO RECOVER FROM THE CORONA CRISIS

Europe's SMEs employ 100 million people, create 2 out of 3 new jobs, generate half of the EU's GDP and have a vital function to Europe's society. But this pivotal sector of Europe's economy has been severely hit by the pandemic-driven crisis, with many fearing they will have to close their business in 2021. Europe cannot keep his eyes shut on the enormous tsunami faced by these companies.

Since the beginning of the pandemic, business representatives have called on decision-makers at national and EU level to act upon the disproportionate burden carried by SMEs. The public demand for a "SME champion" was accepted by the European Commission, which announced last March to promptly appoint one, but since then took no concrete steps. It is irresponsible to stall or postpone the implementation of necessary measures, while the backbone of our economy suffers the biggest recession since the second World War.

To survive, SMEs need money in a fast and reliable manner and many of our expectations are based on Next Generation EU. It was a frustrating start to see that many of the instruments that were drafted by the European Commission will prevent SMEs to profit from the proposed funding, as they are not applicable due to their size, resources or strategic alliances. Now it will also depend how much national governments take SMEs into account when drafting their recovery plans.

Europe needs to start to "think small first". Every policy needs to be SME-friendly, and the SME test cannot just be a bureaucratic task. A first step needs to be to revise the SME Strategy that was set up before the corona crisis and therefore fails to address the challenges SMEs have to face now, as it is the case for the industrial strategy.

The EESC has therefore called for a revision of the SME Strategy in an opinion adopted in September 2020. To speed up the recovery, the EESC proposes in the opinion a "Next Generation SME

Strategy", which must take stock of the SME supporting measures in the Recovery Plan for Europe to help SMEs to mitigate the negative economic effects of the pandemic.

The hurdles faced by SMEs are multiple and complex, not least BREXIT and the rollout of the Green and digital transformations. Support networks for entrepreneurship need to be reformed, an encouraging investment environment for managing the twin transition needs to be created, solvency-issues caused by COVID19 need to be tackled urgently and cluster of innovative SMEs need to be promoted. However, it always boils down to our same call: Europe needs to shift its focus to small companies.

A welcome move would be aligning the SME strategy with the Industrial strategy, the European Data Strategy and the European Green Deal, in order to actively involve and support all SMEs in the transition towards a greener and digital Europe. Small business is essential to Europe's competitiveness and prosperity, industrial ecosystems, economic and technological sovereignty, and resilience to external shocks.

If we lose our SMEs, we will not only lose an important part of Europe's competitiveness and business landscape, but also a part of our society that shapes our city-centres and neighbourhoods like no other. SMEs will be the drivers of our recovery and we need to help them now. We cannot let 99 % of European businesses fail – the recovery and the reconstruction at stake is simply too big to loose.

About the author:



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